MITIGATING THE IMPACT OF HIGH GAS PRICES ON THE AMERICAN WORKFORCE

HEARING

BEFORE THE

SUBCOMMITTEE ON THE FEDERAL WORKFORCE AND AGENCY ORGANIZATION

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

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MITIGATING THE IMPACT OF HIGH GAS PRICES ON THE AMERICAN WORKFORCE

WEDNESDAY, NOVEMBER 16, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERAL WORKFORCE AND AGENCY ORGANIZATION,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:07 p.m., in room 2154, Rayburn House Office Building, Hon. Jon C. Porter (chairman of the subcommittee) presiding.

Present: Representatives Porter, Mica, Davis of Virginia, Schmidt, Davis of Illinois, Norton, Cummings, and Van Hollen.

Staff present: Ronald Martinson, staff director; Chad Bungard, deputy staff director/chief counsel; Christopher Barkley and Shannon Meade, professional staff members; Patrick Jennings, OPM detailee/senior counsel; Chad Christofferson, legislative assistant/clerk; Tania Shand, minority professional staff member; and Teresa Coufal, minority assistant clerk.

Mr. PORTER. I would like to bring the meeting to order. Welcome. Appreciate everyone being here this afternoon for the Subcommittee of the Federal Workforce and Agency Organization's hearing on mitigating the impact of high gas prices on the American work force. I appreciate your all being here today.

I note that there is a quorum present and we are now formally in order.

It is not very often in a country as large as ours that the damage from one natural disaster hits home quite as much as what has happened to us in the wake of Hurricane Katrina. Living in Las Vegas, we don't have a lot of hurricanes. But we are impacted in Las Vegas, as is the rest of the country, when part of our country is so greatly impacted.

Southern Nevada, much like the rest of the country, has experienced some impacts specifically to our gas prices, with soaring gas prices in recent months. Fortunately, we are seeing some adjustments in recent days and possibly weeks, but it is very difficult for us as a community in Nevada, and especially southern Nevada, with a product that is so volatile, especially with our impact on our country and our community with our dependence on foreign oil. When our country-wide resources are impacted, it impacts every American.

If the price of butter goes up, we can buy margarine. If the price of green beans goes up, we can buy peas. But when the price of gas goes up, we seem to have little choice but to pay the price at the

pump—maybe drive around a little bit and find one a little bit less, but we have to squeeze our budgets someplace to take care of the cost.

In a State like Nevada, where the cost of living has increased substantially in recent years, I am deeply concerned about what the price of gasoline and natural gas will do to our State's workers and businesses. In Las Vegas, a gallon of gas averages $2.41, meaning that even small or economy-car owners can now spend almost $30 to fill up their vehicle.

Nevada is by no means alone in this issue. Although gas prices have now fallen to pre-Hurricane Katrina levels, according to the Energy Information Administration, a gallon of gasoline now averages around $2.37 a gallon nationwide, an increase of 38 cents a gallon from a year ago. That increase has caused people to reevaluate their finances and commuting habits, since it is no longer economically feasible for many American families to fill up their vehicles every week.

In recent years, Congress has stepped up its efforts in a number of areas to try to assist government employees in transportation costs as they have continued to climb, all of which are of course now as relevant as they have ever been. Those efforts have included promoting telecommuting, mass transit, and flexible scheduling so employees can work on alternative schedules. It is my intention today to discuss some of those efforts and see if we are doing all that we can to make sure that the programs are being implemented fully during this time of hardship for many people.

One of the areas that have received attention recently has been the Federal Government's effort to encourage telecommuting, or telework. As most people know, this generally means working from home or at an offsite location close to their home. Besides its other advantages, those that take advantage of telework achieve real savings on the cost of gas. Unfortunately, neither agencies nor employees have taken advantage of the program to the degree that Congress would like. We are fortunate to have with us today Congressman Frank Wolf, who represents tens of thousands of Federal employees and has really been a leader on the issue of telework. Congressman Wolf has, along with Chairman Tom Davis, spearheaded an effort to require that agencies comply with congressionally mandated requirements to provide telework opportunities to their employees.

Another area of interest to the subcommittee is the benefit provided to employees who take advantage of mass transit in their area. Earlier this year, this subcommittee passed H.R. 1283, a bill introduced by Congressman Jim Moran to encourage use of mass transit in the National Capital Region. Congressman Moran has also been a leader on the issues affecting Federal employees, and we look forward to hearing from him today.

For my part, I am announcing today my intentions of working on another bill—it is called the Gas Tax Accountability Act. The purpose of this bill will be to make consumers aware of how much they are paying in taxes for every gallon of gas that they may purchase. This bill would provide that labels be posted on gas station pumps showing an amount of local, State, and Federal taxes a consumer pays per gallon of gasoline. By having this information displayed,

it is my hope that citizens will be able to keep their government accountable for how taxes affect the high price of gas at the pump.

In the end, the price of gas is something that we in Congress can't specifically control, nor should we, but is something that all Americans will have to deal with in the weeks and months ahead. As that happens, it is my hope that, in hearings such as this and by legislation that is being considered, that we can find creative solutions to ease this burden on the American work force.

[The prepared statement of Hon. Jon C. Porter follows:]

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INDEPENDENT

"Mitigating the Impact of High Gas Prices on the American Workforce"

Subcommittee on the Federal Workforce and Agency Organization
Chairman Jon C. Porter

November 16, 2005

Not very often in a country as large as ours does the damage from one natural disaster hit home to as many people as has happened in the wake of Hurricane Katrina. Living in Las Vegas, hurricanes are not something that we give a lot of thought to, but the fallout from this one has made us think twice.

Southern Nevada, much like the rest of the country, has experienced soaring gas prices in recent months. Gas, though, isn't a product for which there is an easy substitute when the price shoots up. If the price of butter goes up, we can buy margarine. If the price of green beans goes up, we can buy peas. But when the price of gas goes up, we seem to have little choice but to pay the price at the pump and try to squeeze the budget someplace else.

In a state like Nevada, where the cost of living has increased substantially in recent years, I am deeply concerned about what the price of gasoline and natural gas will do to our State's workers and businesses. In Las Vegas, a gallon of gasoline averages $2.41, meaning that even small or economy car owners can now spend almost $30 to fill up!

Nevada is by no means alone in this issue. Although gas prices have now fallen to pre-Hurricane Katrina levels, according to the Energy Information Administration, a gallon of gasoline now averages around $2.37/gallon nationwide—an increase of almost 38 cents a gallon from a year ago. That increase has caused people to reevaluate their finances and commuting habits, since it is no longer economically feasible for many American families to fill up their vehicles every week.

In recent years, Congress has stepped up its efforts in a number of areas to try and assist the government's employees as transportation costs have climbed higher—all of which are now relevant. Those efforts have included promoting telecommuting, mass transit, and flexible scheduling so employees can work on alternative schedules. It is my intention to discuss some of these efforts today and to see if we are doing all that we can to make sure that the programs are being implemented fully during this time of hardship for many people.

One of these areas that has received attention recently has been the Federal Government's effort to encourage telecommuting, or telework. As most people know, this generally means working from home or at an off-site location close to home. Beside its other advantages, those that take advantage of telework achieve real savings on the cost of gas. Unfortunately, neither agencies nor employees have taken advantage of the program to the degree that Congress would like. We are fortunate to have with us today, Congressman Frank Wolf, who represents tens of thousands of Federal employees and has really been a leader on the issue of telework. Congressman Wolf has, along with Chairman Tom Davis, spearheaded an effort to require that agencies comply with congressionally mandated requirements to provide telework opportunities to their employees.

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For my part, I am announcing today my intention to introduce the, "Gas Tax Accountability Act." The purpose of the bill will be to make consumers aware of how much they are paying in taxes for every gallon of gas they purchase. The bill will require labels to be posted at every gas station pump showing the amount of local, State and Federal taxes a consumer pays per gallon of gasoline. By having this information displayed, it is my hope that citizens will be able to keep their government accountable for how taxes affect the high price of gas at the pump.

In the end, the price of gas is something that we in Congress cannot control—nor should we—but it is something that all Americans will have to deal with in the weeks and months ahead. As that happens, it is my hope that in hearings such as this, and by legislation that I will propose, that we find creative solutions to ease this burden on the workforce. I look forward to the testimony of all the witnesses we have today.

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Mr. PORTER. I certainly look forward to testimony today from all of our witnesses. I would like to recognize now the rest of my team that is here today, the ranking minority member, Mr. Danny Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Gasoline prices should be a function of supply and demand. As the demand for petroleum products has risen in the United States and worldwide in recent years, so have gasoline prices in the United States. They have been trending upwards since early 2002. Oil company profits also have risen dramatically during this period. This year, the six biggest oil companies are on track to triple their profits from 2002 for an expected total approaching $100 billion in profits.

Multiple factors affect gasoline prices. Rising demand for all petroleum products, including gasoline, is a key factor. Crude oil prices, which are linked to the worldwide demand for petroleum products are another factor. The war and continued violence in Iraq has added uncertainty and a threat of supply disruption that has added pressure particularly to the crude oil commodity futures markets. Skyrocketing oil industry profits have led many to question whether market manipulation or simple price gauging has also driven up price increases to the industry's benefit.

Most recently Hurricane Katrina hit the Gulf Coast, doing tremendous damage to homes, businesses, and physical infrastructure, including roads, electricity transmission lines, and oil-producing, refining, and pipeline facilities. Retail gasoline prices increased 45 cents per gallon between August 29th and September 5th. The average price for a gallon of regular gasoline on September 5th was $3.07, the highest nominal price ever. Since then, prices have moderated some.

Members of Congress from the Washington metropolitan area, especially hearing witnesses, Representative Frank Wolf and Jim Moran, have been encouraging Federal agencies to implement telecommuting policies to help address traffic congestion and pollution in the Washington area. Telecommuting also would help alleviate the cost of high gas prices for commuters.

Historically, the primary benefits of telecommuting were reduced traffic congestion and pollution, improved recruitment and retention of employees, reduced need for office space, increased productivity, and improved quality of life and morale for Federal employees. These continue to be compelling and valid reasons for implementing agency-wide telework programs. Representative Frank Wolf is to be commended for moving legislation that pushes agencies to increase the number of Federal employees who telecommute.

However, with the Oklahoma City bombings and September 11th, we have realized another very compelling reason to push Federal agencies and ourselves to develop and to implement the infrastructure and work processes necessary to support telecommuting. It is emergency preparedness and the continued threat of terrorism. The question we must ask ourselves is this: In the event of an emergency, are we—this committee, our staffs, and all the Federal agencies—prepared to serve the American people if our primary place of work is no longer available to us?

Continuity of Operations Planning [COOP] is not the subject of today's hearing. However, I invite my colleagues and those of you who support telecommuting and Continuity of Operations Planning to support a revised version of H.R. 4747, which I introduced during the last Congress. This bill would require the chief Human Capital Office of Counsel to conduct and evaluate a 10-day demonstration that broadly uses employees' contributions to an agency's operations from alternate work locations, including home.

The outcome of the demonstration project would provide agencies and Congress with approaches for gaining flexibility and identifying work processes that should be implemented during an extended emergency. The number and types of potential emergency interruptions are unknown, and we must be prepared in advance of an incident, with the work processes and infrastructure needed to reestablish agency operations. Representatives Waxman, Porter, Cummings, and Norton, among others, have already agreed to cosponsor the bill, and I thank them for their support.

I look forward to the testimony of our witnesses today and, again, Mr. Chairman, I thank you for holding this session.

[The prepared statement of Hon. Danny K. Davis follows:]

STATEMENT OF CONGRESSMAN DANNY K. DAVIS
RANKING MEMBER
SUBCOMMITTEE ON THE FEDERAL WORKFORCE AND AGENCY ORANIZATION
COMMITTEE ON GOVERNMENT REFORM
HEARING ON

"Mitigating the Impact of High Gas Prices on the American Workforce"

November 16, 2005

Gasoline prices are a function of supply and demand. As the demand for petroleum products has risen in the United States and worldwide in recent years, so have gasoline prices in the United States. They have been trending upward since early 2002. Oil company profits also have risen dramatically during that period. This year, the six biggest oil companies are

on track to triple their profits from 2002, for an expected total approaching $100 billion in profits.

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However, with the Oklahoma City bombing and 9-11, we've realized another very compelling reason to push federal agencies, and ourselves, to develop and to implement the

infrastructure and work processes necessary to support telecommuting. It is emergency preparedness and the continued threat of terrorism. The question we must ask ourselves is this: In the event of an emergency, are we – this Committee, our staffs, and all the federal agencies – prepared to serve the American people if our primary places of work are no longer available to us?

Continuity of operations planning, otherwise known as COOP, is not the

subject of today's hearing; however, I invite my colleagues and those of you who support telecommuting and continuity of operations planning to support a revised version of H.R. 4747, which I introduced during the last Congress. The bill would require the Chief Human Capital Officer Council to conduct and to evaluate a 10-day demonstration project that broadly uses employees' contributions to an agency's operations from alternate work locations, including home. The

outcome of the demonstration project would provide agencies and Congress with approaches for gaining flexibility and identifying work processes that should be implemented during an extended emergency.

The number and types of potential emergency interruptions are unknown, and we must be prepared, in advance of an incident, with the work processes and infrastructure needed to reestablish agency operations. Reps. Waxman, Porter, Cummings, and Norton, among

others, have already agreed to cosponsor the bill, and I thank them for their support.

I look forward to the testimony of the witnesses for today's hearing.

Mr. PORTER. Thank you, Mr. Davis.

Out of courtesy to our visiting members, I would like to wait a moment before we finish our opening statements and allow our visitors to give their statements—with the concurrence of the—is that OK? Thank you.

I would like to move on to the first panel, again, out of courtesy. We appreciate you both being here—Representatives Frank Wolf and Jim Moran, both representing constituents from Virginia. These Members of Congress have played an active role in bringing attention to the issue of alternative work programs and transportation benefits to help workers manage rising fuel costs.

First, Mr. Wolf. We appreciate your statement today. Thank you for being here.

STATEMENTS OF HON. FRANK R. WOLF, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA; AND HON. JAMES P. MORAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

STATEMENT OF HON. FRANK R. WOLF

Mr. WOLF. Thank you, Chairman Porter. It is good to be here with you. I am glad to be here with my good friend Jim Moran.

To put it simply, and I think you all know, listening to your opening statements, they were very strong on much of what I may very well say. There is nothing magic about strapping ourselves into a metal box every day only to drive to an office where we sit behind a desk with a working computer. Telecommuting is a traffic issue in this region, in Chicago and in L.A. and in almost every part of the country. It is an air-quality issue, an environmental issue, a continuity of operations issue; it is an energy-saving issue, it is a quality-of-life issue, giving people more time to spend with their families.

As the Nation's largest employer, the Federal Government should be a model for telework. And I had put a provision in, with the support of Mr. Davis and Mr. Moran, in the 2001 transportation appropriations bill saying all Federal agencies must allow every eligible employee who wants to telework and whose job lends itself to telework.

I have been disappointed, and my full statement covers it a little bit more, that the government has not moved as aggressively as it could have. Just this past week, I was contacted by several constituents with the Bureau of Prisons and the Farm Service Agency who were being denied their right to telework. That is taking place in a lot of different agencies.

Telework is a win-win for the Federal Government. It increases worker productivity, improves morale, gives employees the chance to spend time with their families or simply use their free time as they see fit. It improves our air quality, can save the Federal Government money by helping to reduce taxpayer real estate costs, increase worker retention, and many that Mr. Davis said.

In this year's appropriations bill, we have a provision in whereby the State, Commerce, and Justice Departments will lose $5 million if they do not move ahead with regard to telework. The bill also requires—but it only covers, Mr. Chairman, the agencies under the

subcommittee that I am the chairman of; it does not cover governmentwide—the bill also requires the departments and agencies to designate a telework coordinator to oversee the implementation and operation of telecommuting programs within each department. The departments and agencies also will be required to provide quarterly reports on the number of employees that are teleworking, so they can actually show improvement.

Following Hurricane Katrina, I sent a letter to President Bush asking him to make telework a priority for his administration. In the letter I pointed out that many of the Nation's leading security experts are pointing to telecommuting as a key to ensuring that the government continues to operate during and after a catastrophic event. I appreciate the efforts of the General Services Administration to pay the cost of telework centers for Federal employees who wish to telework as a result of Hurricane Katrina and the recent spike in fuel costs.

I was contacted—and this is where I think this committee could really make a big difference—I was contacted by Federal contractors that conduct business in the region impacted by Hurricane Katrina and learned that many of these private-sector businesses are utilizing telework in order to continue operations. But unfortunately, they are having a difficult time working with their Federal Government counterparts who are not being allowed to participate in telework.

And also, some of the contractors tell us that, as they get bids for doing work for the Federal Government, they cannot count their hours in telework. So they may be working with an agency that is telework, but as they put together their proposal, their hours are not necessarily counting as they are teleworking. For you to be able to deal with that issue would make a tremendous difference.

September 11th, the anthrax scare, now Hurricane Katrina have exposed vulnerabilities in our Nation which can disrupt government, as Mr. Davis said, and business operations. In the wake of these events, a governmentwide telework program should be the cornerstone of the Federal workplace to ensure that necessary telework habits are in place in the event of a similar disaster in the future. With a Federal telework model, the private sector could also expand its telework options.

Imagine if we got a pandemic. Avian flu. I mean, if you get it in a key office in the Federal Government and let's say someone in that office comes down with avian flu or something like that, do you want to tell everyone else to continue to come in? I mean, their roles are very important, that they have to continue to operate.

Finally, rising gas prices are having a major impact on our Nation's commuters, who must travel dozens of miles each day to work, including Federal employees. My congressional district includes the Shenandoah Valley. Early in the morning, when I am heading to meetings or events in the area, I see a steady stream of cars coming from places like Winchester and Front Royal toward Washington to Federal workplaces. These commutes can take 2 or more hours each way.

In short, telecommuting works. I urge the committee to do everything. And I appreciate your having the hearing. By having the hearing, you just send a message to the Cabinet secretaries, the

mid-level managers; this is really important and really a priority to Congress.

Thank you very much, and thank you and the members of the committee.

[The prepared statement of Hon. Frank R. Wolf follows:]

Remarks by Congressman Frank R. Wolf
Telework Remarks before the House Subcommittee on Federal Workforce and Agency Organization
Mitigating the Impact of High Gas Prices on the American Workforce
November 16, 2005

Chairman Porter, thank you for the opportunity to testify on the benefits of teleworking.

To put it simply: Telecommuting works.

I have said many times that there is nothing magic in strapping ourselves into a metal box every day only to drive to an office where we sit behind a desk working on a computer.

Telecommuting is a traffic issue.

Telecommuting is an air quality and environmental issue.

Telecommuting is a continuity of operations issue in a time of emergency.

Telecommuting is an energy savings issue.

And telecommuting is a quality of life issue.

As the nation's largest employer, the federal government should be the model for telework. Because of a provision I inserted in the FY 2001 Transportation Appropriations bill, by the end of this year, all federal agencies must allow every eligible employee who wants to telework and whose job lends itself to telework to do so.

I have been disappointed at the federal government's efforts in implementing the FY 2001 law. Federal agencies are in clear violation of this act. Just last week I was contacted by several constituents with the Bureau of Prisons and the Farm Service Agency who are being denied their right to telework. This kind of attitude by federal agencies must end.

Telework is a win-win for the federal government. It increases worker productivity. It improves morale. It gives employees a chance to spend time with their families or simply use their free time as they see fit. It improves our air quality and it can save the federal government money by helping to reduce real estate costs and increase worker retention.

I've taken steps in both the FY 2005 and 2006 Science-State-Justice-Commerce Appropriations bills to show the agencies under the bill that teleworking is serious business. I inserted a provision in both spending bills to withhold $5 million from the budgets of the departments of Commerce, Justice and State and now NASA, until they ensure that all their eligible workers are permitted to telecommute.

The bill also requires the departments and agencies to designate a "Telework Coordinator" to oversee the implementation and operation of telecommuting programs within each department. The departments and agencies also will be required to provide the Appropriations Committee with quarterly reports on the number of employees telecommuting.

I hope these provisions will get the telework point across and the agencies, from the top down, will start taking telework seriously. I do not like having to be so heavy-handed and threaten to withhold funding, but if that is what it is going to take to get the point across to federal agency managers, then that is what I will continue to do.

Following Hurricane Katrina, I sent President Bush a letter asking him to make telework a priority of his administration. In the letter, I point out that many of the nation's leading security experts have pointed to telecommuting as key to ensuring that the government continues to operate during and after catastrophic events. I appreciate the efforts of the General Services Administration to pay the costs at telework centers for federal employees who wish to telework as a result of Hurricane Katrina and the recent spike in fuel costs.

I was contacted by federal contractors which conduct business in the region impacted by Hurricane Katrina and learned that many of these private sector businesses are utilizing telework in order to continue operations, but unfortunately, they are having a difficult time working with their federal government counterparts who are not being allowed to participate in telework programs. One of the businesses told me that "one of the things that would be incredibly helpful to many federal government and private sector employees in the Gulf Coast region would be a statement by the President and the Administration that the federal government is mandating that its agencies and activities actively encourage and support telecommuting."

September 11, the anthrax scare, and now Hurricane Katrina have exposed vulnerabilities in our nation which can disrupt government and business operations. In the wake of these events, a government-wide telework program should be the cornerstone of the federal workplace to ensure that necessary telework habits are in place in the event of a similar disaster in the future. With a federal telework model, the private sector could also expand its telework options to ensure that the public and private sectors – which operate as partners in so many areas – remain operational during any disaster.

Finally, rising gas prices are having a major impact on our nation's commuters who must travel dozens of miles each day to work, including federal employees. My congressional district includes the Shenandoah Valley. Early in the morning when I am heading to meetings or events in this area, I see a steady stream of cars coming from places like Winchester and Front Royal toward Washington to the federal workplace. These commutes can take two or more hours each way.

An effective federal telework program would help these commuters not only save on gas, it would help the federal government retain workers who might otherwise look to the private sector for higher salaries and a workplace closer to home.

In short, Telecommuting works. I would urge this subcommittee to get involved and consider legislation which would lead to increased teleworking opportunities for both the federal and private sectors.

Thank you Mr. Chairman for allowing me to participate in this hearing.

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Mr. PORTER. Thank you, Congressman. Appreciate your being here.

Mr. Moran, welcome.

STATEMENT OF HON. JAMES P. MORAN

Mr. MORAN. Thank you, Mr. Chairman and Mr. Davis and Ms. Norton.

Is this on? No, it is not.

Mr. PORTER. OK. Is there something I should do to put it on?

Mr. MORAN. This is on. Fine.

The Federal employees, like their private-sector counterparts, have weathered the steady climb in gasoline prices that spiked dangerously upward following the disruption to oil production and refining facilities by hurricanes Katrina and Rita. And while we appear to be on the downward slope of the spike in the gasoline prices, we should take no comfort that the days of $3 price per gallon of gasoline are behind us.

They are not. Long-term forecasts by the Department of Energy and by the private-sector industry analysts both suggest that prices will continue to be volatile and demand will keep prices at or above current levels. That means a higher portion of employee income is and will continue to be going toward keeping gas tanks filled, homes heated, and food on the table.

As we have learned, there is little the Federal Government can do over the short term to offset high energy prices. But my colleague Frank Wolf, with strong support from Chairman Davis of this committee, on both sides of the committee and this particular subcommittee, have been advocates of telecommuting and telework. And we appreciate that. As Frank suggested, the entire regional delegation believe in this as a very important part of the solution to this problem and it also has a positive impact on helping to offset the high price of gasoline, as Mr. Wolf has said.

These policies can also be adopted in the private sector, and it is important that we encourage that. Frank has articulated the merits of Federal teleworking and telecommuting, and obviously I support that in every way I can.

There is another benefit, though, that should be expanded, and that is Federal transit benefits. Federal workers in this region are fortunate to have a network of public and private transit services, van and carpooling options that enable them to leave their vehicles at home. There has been a substantial Federal, State, and local investment in the construction of Metrorail and Metrobus. Both Virginia and Maryland have invested heavily in establishing commuter rail services, and local governments and private entrepreneurs have set up a multitude of park and ride facilities and bus and vanpool services.

Through the Council of Government's Commuter Connections program, the Washington, DC region even offers peace of mind to transit users and carpoolers through its Guaranteed Ride Home, that gives commuters who need to get home in an emergency and don't have their—they didn't drive to work, they can have a free taxi ride up to four times a year.

I recognize that transit is not possible for everyone, but where it can work it should be supported. And when it does work, its ben-

efits extend to everyone. More transit riders and fewer cars on the road not only means less roadway congestion, but also less gas consumption, lower demand, thus lower prices at the pump.

Where transit exists, the $105 per month tax-free transit benefit can help provide the difference needed to get a critical mass of commuters out of their cars and into transit. These benefits complement other smart policies, like the current preference to locate Federal facilities within walking distance of Metrorail stations, that make transit an ideal solution to rising energy prices. The Federal transit benefit owes its origins to the Comprehensive National Policy Act of 1992. This law enabled employers, government and nongovernment alike, to provide their employees a tax-free cash benefit to cover the cost of commuting by transit or vanpool.

For the Federal Government, however, the benefit was voluntary and very few agencies provided it. It wasn't until October 2000 that all executive branch agencies were directed by an Executive order to provide their employees in the National Capitol Region with the full tax-free transit benefit. The Metropolitan Washington COG estimates that this benefit boosted daily Federal employee transit benefit participation by more than 100,000 and reduced vehicle miles traveled between 40 and 54 million annually.

I am indebted to the work of this committee in advancing legislation I introduced earlier this year to expand this requirement to cover all Federal employees in the National Capital Region, including those who work in the legislative and judicial branches and the independent Federal agencies, as you mentioned, Chairman Porter. Through the efforts of the Government Reform Committee, this proposal was added to the transportation authorization and became law this past August.

While it is not a complete picture, the transit benefit appears to be working. For this month of November, Metro's Metrocheck issued monthly transit benefits to approximately 155,000 Federal workers and 79,000 private-sector employees in the National Capital Region. The Metrocheck program helps administer the transit benefit for Metro, local commuter rail, and for the other local transit services.

That is an impressive participation rate, but it certainly is not the end to what we can do to encourage transit use. First, parity has to be established between the value of the tax-free parking benefit and the transit benefit. According to the IRS, the monthly tax-free limit for transit and vanpools in 2006 will remain at $105 per month. Free parking, however, is valued at over $200 per month.

Congress should consider raising the monthly transit benefit level. The Senate transportation authorization would have raised the nationwide transit benefit to $200 a month, equal to the parking benefit. The provision, however, was dropped in conference.

Second, the benefit should not be limited to those Federal employees fortunate to live in the National Capital Region. It should be expanded to cover all Federal employees everywhere where transit and vanpools are available.

Third, we need to find more ways to encourage higher private-sector participation. I have here the Metropolitan Washington Council of Governments' 2004 State of the Commute Survey Re-

sults. According to the survey, only 34 percent, 1 out of 3, of this region's nonprofits and 18 percent of the private sector offer their employees a transit benefit. If these results reflect a broader national pattern, the Congress might want to test the feasibility of additional programs and incentives that would encourage greater private-sector participation. It may be as simple as getting the word out to more companies and employees. When employees learn about the program, their employers often follow suit and offer the benefit.

So in conclusion, transit benefits are an important public policy tool to promote healthier lifestyles, reduces traffic congestion and air pollution, and lower gasoline consumption. Its widespread use and therefore, its effectiveness, is dependent on a combination of factors that can help conserve fuel and, in doing so, can help employees offset the higher price of gasoline, which was the subject of this hearing.

We thank you for having the hearing, Mr. Chairman and members of the committee, and look forward to working with you. Thank you.

[The prepared statement of Hon. James P. Moran follows:]

Statement of Rep. James P. Moran
Hearing on

"Mitigating the Impact of High Gas Prices on the American Workforce"

Before the
House Committee on Government Reform
Subcommittee on Federal Workforce and Agency Organization

Wednesday, November 16, 2005

Good morning and thank you Mr. Chairman for conducting what I believe is a timely and what I hope will be an insightful hearing.

Washington, D.C. and its Virginia and Maryland suburbs are no more immune to the high price of gasoline than other regions in the country. Federal employees, like their private sector counterparts, have weathered the steady climb in gasoline prices that spiked dangerously upward following the disruption to oil production and refining facilities by Hurricanes Katrina and Rita.

While we appear to be on the downward slope of the spike in gasoline prices, as of last week the average price of regular gasoline was $2.37 a gallon, we should take no comfort that the days of $3.25 per gallon are behind us.

Long term forecasts by the Department of Energy and private industry both suggest that prices will continue to be volatile and demand will keep prices at or above current levels.

That means a higher portion of employee income is and will continue to be going toward keeping gas tanks filled, homes heated and food on dinner tables.

As we've learned, there is little the federal government can do over the short term to offset high energy prices. But my colleague Frank Wolf and I have been long time advocates of commuter friendly policies that are good for federal workers and also just so happen to have a positive impact on helping to offset the high price of gasoline. Moreover, many of these policies can easily be adopted in the private sector.

Frank has mentioned federal Telework and Telecommute programs that I support. Let me mention a third: employee transit benefits.

Federal workers in this region are fortunate to have a network of public and private transit services, van pools and car pooling options that enable them to leave their vehicles at home. There has been a substantial federal, public and local investment in the construction of Metrorail and Metrobus. Both Virginia and Maryland have invested heavily in establishing commuter rail services. And local governments and private entrepreneurs have set up a multitude of park and rides, bus and van pool services.

Through the Council of Government's "Commuter Connections" program, the Washington, D.C., region even offers peace of mind to transit users and carpoolers through its "Guaranteed Ride Home" that gives commuters, who need to get home in an emergency, a free taxi ride up to four times a year.

I recognize that transit is not possible for everyone, but where it can work, it should be supported. And, when it does work, its benefits extend to everyone. More transit riders and fewer cars on the road not only means less roadway congestion, but also less gas consumption, lower demand, and lower prices at the pump.

Where transit exists, the $105 per month tax-free transit benefit can help provide the difference needed to get a critical mass of commuters out of their cars and into transit.

These benefits complement other smart policies - - like the current preference to locate federal facilities within walking distance of Metrorail stations - - that make transit an ideal solution to rising energy prices.

The federal transit benefit owes its origins to the Comprehensive National Policy Act of 1992, Public Law 102-486. This law enabled employers, government and non-government alike, to provide their employees a tax-free cash benefit to cover the cost of commuting by transit or van pool.

For the federal government, however, the benefit was voluntary and few agencies provided the benefit. It wasn't until October 1, 2000 under Executive Order # 13150 that all executive branch agencies were directed to provide their employees in the national capital region with the full tax-free transit benefit.

The Metropolitan Washington Council of Government estimates that this benefit boosted daily federal employee transit benefit participation to more than 100,000 and reduced vehicle miles traveled between 40 million and 54 million annually.

I am indebted to the work of this committee in advancing legislation I introduced earlier this year, H.R. 1283, to expand this requirement to cover all federal employees in the national capital region including those who work in the legislative and judicial branches and the independent federal agencies.

Through the efforts of the Government Reform Committee, this proposal was added to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) legislation and became law this past August.

While it's not a complete picture, the transit benefit appears to be working. For this month of November, Metro's Metrochek issued monthly transit benefits to approximately 155,000 federal workers and 79,000 private sector employees in the national capital region.

The Metrocheck program helps administer the transit benefit for Metro, local commuter rail and other local transit services.

That's an impressive participation rate, but it certainly is not the end to what we can do to encourage transit use.

First, parity must be established between the value of the tax-free parking benefit and the transit benefit. According to the IRS, the monthly tax-free limit for transit and vanpools in 2006 will remain at $105 per month. Parking, however, will increase from $200 to $205 per month.

If the federal government and the private sector really want to help their employees, Congress should consider raising the monthly transit benefit level. The Senate SAFETEA-LU bill would have raised the nationwide transit benefit (private and fed rate) to $200 a month - equal to the parking benefit. The provision was dropped in conference.

Second, the benefit should not be limited to those federal employees fortunate to live in the national capital region. It should be expanded to cover all federal employees everywhere where transit and van pools are available.

Third, we need to find more ways to encourage higher private sector participation. I have here the Metropolitan Washington Council of Government's *2004 State of the Commute Survey Results*. According to the survey, only 34 percent of this region's non-profits and 18 percent of the private sector even offer their employees the transit benefit.

If these results reflect a broader national pattern, then Congress might want to test the feasibility of additional programs and incentives that would encourage greater private sector participation. It may be as simple as getting the word out to more companies and employees. When employees learn about the program, their employers often follow suit and offer the benefit.

In conclusion, transit benefits are an important public policy tool to promote healthier life styles, reduce traffic congestion and air pollution, and lower gasoline consumption. Its widespread use, and therefore its effectiveness, is dependent on a

combination of factors that can help conserve fuel and in doing so, help employees offset the higher price of gasoline.

Thank you.

Mr. PORTER. Thank you, both of you, very much for your testimony.

Question: I know you have been working at this for a long time and trying to encourage the Federal agencies. What do you think we can do next to make sure that they take advantage of some of the tools that we are providing—through the authorizing process, or what do you think we need to do?

Mr. WOLF. Well, I think passing a law mandating it. Roughly 60 percent of the jobs in this region are jobs whereby people can telework. Second, convincing the administration to speak out boldly and not reluctantly. If the President made this a priority, if the President spoke about this in his State of the Union message to talk about as we get control of our energy costs and do these things. But I think at the top we all are responsible for our offices and the tone that we send, but I think if the White House were to embrace this thing, then I think the Cabinet secretaries and the mid-level managers would join in.

Chairman Porter, there are no downsides to it, absolutely, positively, categorically none; from productivity to savings for the taxpayer. One of the greatest problems in the country is the breakdown of the American family. This is good for the family. Spend more time, husbands and wives, with kids, coaching little league, singing in the choirs. The energy issue is a big issue. This is good for energy.

Environmental is a good issue. It is good for the environment. There are no downsides. And God forbid, we all know what took place on Katrina, but a national emergency—on the day of September 11th, I know, individuals here—hard to get out, you couldn't get out. In order to get to Virginia, I had to go through Maryland. Continuity of government.

So I think if the President and the White House were to embrace this thing from all of those issues, that would send an amazing message. And this committee can really, I think, make the difference.

Mr. PORTER. Congressman Moran, anything you would suggest?

Mr. MORAN. Well, certainly I agree with Frank in terms of support for telecommuting and telework. And I do think that this transit benefit has been shown to be an effective incentive, although it needs to be on parity with the value of free parking that we offer. So if you had a transit benefit, as the Senate suggested, that was comparable, then I think that would even further enhance the incentive and change people's commuting patterns.

Mr. PORTER. How about the private sector? What do you think we can do to have more of the private sector involved in telework?

Mr. WOLF. Well, a lot of the private sector—AT&T, Siemens are really doing a good job. You are going to have a couple of members of the panel, I believe, who will tell you that technology that is now out—the technology is out there. If you flip your laptop up, I flip mine up, we can talk to one another, visually see each other. And I think the private sector is probably doing a better job than actually government.

Now, as the price of gasoline goes up, I mean, in the old days, the AT&T telephone and Star would get in his or her car, drive to the place, pick up the truck, go out, fix the phones, come back, drop

the truck off and go. Now they just come in once a week to get the equipment. I think business really kind of gets it a little bit more than the government.

I don't really think you need tax breaks, because if you care about productivity and cost and morale and retention, telecommuting has all that with it. So I think a lot of businesses, AT&T and Siemens and all, and many others, are really doing a pretty good job.

Mr. MORAN. Chairman Porter, I don't know whether they do this in Las Vegas—I suspect they do—but in terms of zoning at the local level, the height, I know, is granted in suburban areas as well as in D.C. to a greater degree if the developer will reduce the number of parking spaces and thus increase the reliance upon transit or van- or carpooling. And that is something that has worked effectively. Obviously, it is easier if employees are located near some type of public transit. But reducing the number of parking spaces in buildings so that car and van pools can use those parking spaces is one way to do it.

I think part of the problem is not with the large employers as much as with the smaller employers. And with that, we could show them how they can computerize the things like transit benefits in the Washington area. In fact, the Council of Governments can show them that. You simply put it into the compensation system on a computer. I don't think they know how to do that right now, but it is easy to instruct them. And I think if they realize how simple it is administratively, they might be more inclined to do it. But a lot of it does depend upon local government decisionmaking.

Mr. PORTER. Thank you.

Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman. And gentlemen, let me thank you for your testimony.

You know, we have explored barriers to implementation, and I certainly would concur and agree with all of those. But I was thinking that, in addition to the fact that change is slow, threatening, more covert than overt, oftentimes is subtle, what other reasons can you see for what appears to be a tremendous amount of reluctance on the part of our management personnel to embrace and help push or make use of this concept? And there seems to be a tremendous amount of reluctance to do that.

Mr. WOLF. Well, I think there is a general feeling that if you cannot see your employee——

Mr. PORTER. Congressman, I don't think your mic is on.

Mr. WOLF. I think there is a general feeling that if you cannot see your employee, maybe they are not working. And I think probably, that is such a barrier, whereas just the opposite is true. I mean—but I think the fact that you can't see somebody, and we are all taught as young people to go out, we get up, we get ready, we get dressed and we go to work. And somehow that, I think, is probably the biggest hurdle.

Mr. MORAN. That is probably a lot of it. So it is a matter of management understanding that people can be just as effective sitting in their pajamas in front of their computer at home. Now, not all jobs lend themselves to that, but those that do, there should be that kind of managerial flexibility. A lot of it is simply people are

hide-bound to tradition, but others don't realize how convenient it can be. And it is going to take time, but I think a certain amount of leadership from the Congress encouraging it is necessary to speed the process.

Mr. WOLF. And I agree with Jim, also it is good if you have somebody who is handicapped. The ability to be working from home to make that person more productive. It is just so—it makes so much sense. And maybe the job is that you telework 3 days a week and come in 2 days a week. Maybe you telework the first week of the month because that is when you are putting together the reports and you want that private time and you are in every—so there are so many variations. But I think what Jim said is accurate.

Mr. DAVIS OF ILLINOIS. Well, let me just thank both of you because I certainly agree. As we were having this discussion, I was thinking of a person who works in my office who is going out on maternity leave and on childcare leave. But I am totally certain that she can do a tremendous job without being in the office, that the work that she does, her work ethic, the amount of energy that she displays, the seriousness with which she takes her work. I mean, of course, I was amazed the other day when her baby was born at 4 a.m., and she called me at 8 a.m. to say that she wasn't going to be coming in. And I said, well, I guess not. [Laughter.]

But I think that there are indeed just many instances. Of course it won't work for everybody, but there are just many, many instances where individuals would do an exceptional job. And so I thank you both for coming and for sharing with us and being a part of this hearing.

And I don't have any further questions, Mr. Chairman.

Mr. PORTER. It was nice of you to give her the day off.

Mr. DAVIS OF ILLINOIS. Yes. I think 1 day.

Mr. PORTER. Thank you for your questions.

Congresswoman, do you have questions?

Ms. NORTON. No.

Mr. PORTER. Mr. Cummings.

Mr. CUMMINGS. Thank you very much.

Mr. Wolf—first of all, I want to thank both of you. This just makes a lot of sense. And I guess as I get older and sitting around here, I just get a little cynical, sadly. And an idea that is just absolutely—you know, there are some ideas, I remember when I was in the Maryland Legislature we had the seat belt bill for many, many years. And we kept putting it in, kept putting it in, and finally all the stars came together to make it possible to pass and it just flew through.

It seems to me, based upon your testimony, that it sounds like we have reached what should be the coming together of the stars. So Mr. Wolf—and I believe deep in my heart that if the administration wanted this bill to go through, it would happen. Would you agree? I mean, we got OPM, we got folks who—and it makes sense. And I am just wondering what the President said. I'm not—I am just curious. I mean, did you get a response? Because I think there are a lot of things that we push hard, and I think you probably on this side of the aisle—I can't speak for us—you probably get every Member voting for it, or most of us. And I am just wondering, you

know, what has been—I mean, did you get a response? You said you wrote the President, and I'm wondering if he responded.

Mr. WOLF. Not yet.

Mr. CUMMINGS. Well, see, I am asking that because he doesn't return my calls. [Laughter.]

I thought maybe you got a response since you——

Mr. WOLF. No, I have not. But I will share it with the committee when we get it.

Mr. CUMMINGS. OK. All right. Thank you.

Mr. PORTER. Mr. Van Hollen.

Mr. VAN HOLLEN. Thank you, Mr. Chairman. I want to join with my colleagues in thanking Congressman Wolf and Congressman Moran for their leadership on these issues that are important to our Metro region and important to the Federal Government in terms of making sure that we get the Federal employees to be able to work productively, both in terms of the telecommuting and the transit options.

On the telecommuting issue, I can tell you I, like you, visit many of the Federal agencies that are in my congressional district and I hear from employees about this issue frequently. And what I am surprised about is the unevenness of it in terms of the implementation. There are some agencies where people say the supervisors understand the program, they understand the benefits of the program, and they are very happy with it. In other places, the employees will say, gee, you know, my supervisor just doesn't seem to get it and is not responsive and isn't willing to work it out.

And so the challenge for us is obviously to make sure every supervisor in the Federal Government understands the options and in fact the intent of the Congress here. And I think that what you have done with withholding in the Appropriations Committee should have an effect. I mean, if there is one way to get people's attention around this town, it seems to be to hit them in the pocketbook. And I wondered, I know you had a similar provision last year, at least in the House version. I don't know if it was in the final version. What has been the impact of that?

Mr. WOLF. The impact was it was hard to really judge whether or not the figures were accurate. So we have done it again this year and have GAO setting the standards. So we now know what is the case this year and we will be able to see the improvement or lack of improvement monitored by GAO. And I think that was the failure. We did not have a monitoring device, we just had a—and I am not suggesting the agencies were not telling the truth, but whatever they said we just had to take.

The SEC is doing an incredible job. The FCC does a great job. Some do very, very well. But we will know better this year because GAO will monitor and we know what the base, what the floor is. So we will be able to better tell you this time next year.

Mr. VAN HOLLEN. Right. Now, as I understand, the way you have it the withholding is limited to the agencies within the jurisdiction of—subcommittee. Is that right?

Mr. WOLF. Correct. Yes. We didn't have any authority.

Mr. VAN HOLLEN. Is there any way to expand it more broadly throughout the—I mean, with the appropriations—similar language in, you know, all the Federal agencies through the appro-

priations process? Because frankly, one of the agencies I visited recently is not on this list, and it is one where employees were frustrated about the lack of——

Mr. WOLF. Well, you could. I guess the chairman, you could have a general telework authorization bill covering governmentwide, or we could do it in an appropriation in full committee sometime.

Mr. VAN HOLLEN. Right. No, I know we could do an authorization. I just wondered, in the appropriations, if you did it across every Federal agency, it would get the attention not just of the four in the subcommittee, but more broadly. Because I think that is the most efficient and quickest way around here of getting people's attention.

So I don't know, maybe in conference there would be a way even to expand it more broadly to all Federal agencies.

But I want to thank both of you for your leadership on this issue. It is an important issue and, as you say, you can just rattle down the list of all the categories this is a win in—environment, transportation, productivity, and the like. So thank you very much.

Thank you, Mr. Chairman.

Mr. MORAN. You are right, Mr. Van Hollen, with regard to appropriations committees. We had a problem with regard to the transit benefit and the Department of Labor; the Secretary of Labor determined that only employees who were not members of the Federal Employees Union were eligible to receive the transit benefit. Her reasoning was that it should be part of a collective bargaining agreement if they were going to get the benefit as a member of the union. So we took care of that in the appropriations bill. You can find reference to telecommuting pretty consistently, I think, throughout the transportation appropriations bills and will continue to do that.

But this committee's work is necessary to give it the authorizing foundation, and that is why it is so important to have this kind of hearing today.

Mr. PORTER. Thank you very much. We appreciate you being with us today, Congressman Wolf and Congressman Moran.

Oh, I think we have Chairman Davis. Something you would like to add before we let the witnesses leave?

Mr. DAVIS OF VIRGINIA. Well, let me just—thank you, Mr. Porter for holding the hearing, and let me thank my colleagues. They have been out front on this whole idea of telecommuting. But with gas prices up where they are at this point, it just makes more sense than ever to offer the incentives and disincentives for Federal agencies to take advantage of this.

You know, the private sector has been using telecommuting like crazy. You go out to some of these buildings in northern Virginia, people that are in cubicles and they are not there. They are at home with their laptops, they are out on the road. They can have a lot of utility. They don't have to be there. But the Federal Government's management style is if they don't see you, they don't think you are working.

And we are losing a lot of productivity, we are losing people because of this. It is jamming the roads. It is so 20th century as the world moves onward. And this is an opportunity for us, I think, to step up to the plate. And the two gentlemen in front of us have

really taken leads in this, and I just appreciate your being here today.

Mr. WOLF. Thank you very much, Mr. Chairman. I want to note for the record, and this is not to, you know—everything that we have done in Virginia, the three of us—Mr. Davis, Mr. Moran, and myself have done together from the very, very beginning. And we are on different committees. So I want to, you know, pay tribute to Mr. Davis. There is nothing that we have done, my office or their office, where all three have not been connected. And I think the fact that the three of us for the northern Virginia region are working—and we also are working, the whole delegation, with the District and in Maryland—gives us the opportunity of working together. But Mr. Davis, and the fact that he is chairman of this full committee, has helped us, because when he holds a hearing, you can see things improving even in the agencies that come before appropriations.

So I just want the record to show that Mr. Davis and Mr. Moran have been involved.

Mr. DAVIS OF VIRGINIA. Although I think the record should show, and Jim would agree with me, that Frank was talking about teleworking before the laptop. I mean, even before he was redistricted out to further the balance of the State.

Just one other thing. Thank you, Chairman Davis, and I couldn't agree more with what you and Frank have said and I appreciate the recognition that it has been a collegial effort on the part of the entire Washington area delegation.

But Mr. Davis mentioned one thing about an employee and he mentioned it kind of off-handedly. But with regard to the legislative branch, we are a target, a terrorist target, and it is relevant to the business of telecommuting and teleworking. To the extent that we have the ability for our employees to set up computers, to have BlackBerry communication and so on in the event of a terrorist attack so that we can continue to function, that we have some redundant capability, that could prove to be very important. And so is a relevant consideration to this committee and to this legislative effort—I know it kind of falls under homeland security, but there is a real tie-in as to how we can continue to do the public's work if in fact the worst imaginable were to occur and we were attacked here and were not able to occupy our offices.

So, thank you.

Mr. PORTER. Congresswoman Holmes Norton, you had a comment?

Ms. NORTON. If I could say before these Members leave, I waived my opening statement because I thought they were going to make statements and leave. As a result of this colloquy, some of what I was going to raise I think—they told me something I did not know, and I would simply like to raise these matters before they leave. It is certainly the case that, particularly Mr. Wolf, but every Member of this delegation—Mr. Moran, the chairman, Mr. Davis—have been at the forefront nationally on telecommuting and have done the Nation a real service.

I may say, I only learned, Frank, as a result of this colloquy here with Members that only four agencies were included, and that is because of your leadership in your committee. I was going to raise

a question as to why OPM wasn't here. Now I know why. And I am amazed that we have been talking about telecommuting for almost two decades now and we have been talking about four agencies? I didn't even know that.

I must say, Mr. Chairman, that I do think that we need an authorization bill for the entire government. And now that I am learning the reason is because an appropriator took the leadership, I can say already this hearing has advanced us. Now I know why. I was going to criticize us for not having OPM here and—Transportation here. As a result of the questions asked by my colleagues, I understand why.

The chairman in holding this hearing is engaging in a very important act of public responsibility, because this is the biggest work force in the country, by far. And I agree with Mr. Wolf. You see progressive companies using telecommuting. They figured out how it enhances the bottom line and efficiency at the same time. And now I understand at least one reason why the Federal Government hasn't been as much on the case as Mr. Wolf and others have. And so my question was, you know, what is the reluctance here?

I do think we need more information since, yes, there has been some indication that there is some reluctance among those who could use it to use it. I don't know if that means we need to do some kind of survey or GAO report. But if there is reluctance, I would like not to assume the reason. I would like to know more about the reason. I would like to know if employees, for example, understand the advantages, have had the idea marketed sufficiently to them.

And yes, I must say I agree with Mr. Wolf. I am sure we have some old-fashioned supervisors and managers who think that if you don't see them, they are not working. I can't agree with you more. You can tell the output and the increases in output from the data that is already available from the private sector.

We have 200,000 Federal employees come to this city alone. And again, with the leadership of this delegation, there are transit benefits that have, I would say, eased this problem, except that Metro has become so popular that the problem of the roads now is also a problem of Metro.

There is pending a bill that the chairman has introduced that is absolutely critical to having a comprehensive approach to this. And this bill, a bill in which all of us are cosponsors, would keep us from having a broken-down system that cannot carry these employees back and forth. And the reason this bill has been introduced in the House, in the Congress, is because Metro in this region is chiefly for the benefit of Federal employees.

Now, this requires local jurisdictions to meet the terms that the chairman has set because he knows we have no chance of getting the funds to fix Metro if we do not. When I say "fix Metro," I don't mean fixing all the broken-down cars, I mean people can't get onto Metro. I mean there are people who cannot, perhaps, telecommute or who will travel in any case, who simply can't get on it or find it so crowded that they go back to their cars.

So I just want to say while my regional members are here that the District will be coming forward, the Mayor will be announcing that we are ready to put a bill before the Council that would in fact

initiate the beginning of a regional set-aside so that Metro, the only system that does not have a dedicated funding source, would have one. If we don't, then what the chairman has done and all of us, of course, on this bill will be a waste. It is going to be hard enough to get it through. I think we can get it through if the region steps up and does what it is supposed to do.

Finally, let me say we have to get to what Frank is talking about, because telecommuting is something we could do now and we spread this throughout the government, it will be taken up all over the government just like this. How much, we don't know, but we know it will vastly improve by simply making it governmentwide.

But if I may say so, Mr. Chairman, you know, the notion of the need for alternatives that are within our technological reach has now come home to roost. Whatever we do with telecommuting, there is no way to get beyond the fact that the most advanced nation technologically and scientifically has paid almost no attention to alternatives to the present system of traveling on the roads or, for that matter, by mass transit.

If I may say so as well, some of what we ought to be doing in Federal buildings on conservation, on cutting down consumption, we are not doing. And unless we do them, do all of these things—the telecommuting, that is a straight-out savings on consumption. Cutting down consumption in Federal buildings, doing conservation so that we really mean it, unless we put all of that together, working on this piecemeal is not going to do what we are capable of doing. And one way not to work on this issue of telecommuting piecemeal is to make sure it is available governmentwide to every Federal agency.

Thank you very much, Mr. Chairman.

Mr. PORTER. Thank you very much.

We have votes in approximately—actually started, so we have about 9 minutes. We want to say thank you very much to the Members for being here. We appreciate your testimony.

What I would like to do is do a quick introduction of the newest member of our committee, Jean Schmidt. I believe she was here a moment ago—and left. So we will come back in approximately 30 minutes. So we are in recess. Thank you.

[Recess.]

Mr. PORTER. I would like to bring the meeting back to order. If you haven't looked outside, it is raining really hard. It is absolutely pouring. I hope you brought your boat with you today.

I want to thank you for your patience. Again, I appreciate you all being here today. We, of course, were called for votes on the floor and may be called again, but hopefully it won't be within the next hour.

So I would like to begin, as we traditionally do, is to administer the oath of office to all the witnesses. So if you would all please stand, both panels two and three.

[Witnesses sworn.]

Mr. PORTER. Thank you very much. Let the record reflect that witnesses have answered in the affirmative.

Now I would like to begin with our second panel of witnesses. Thank you for coming forward. The panel will now be recognized

for opening statements. We would ask you to summarize your statement in approximately 5 minutes. Any fuller statement you may wish to make will be included in the record.

First we will hear from Mr. Daniel Green, Deputy Associate Director for the Employee and Family Support Policy at OPM.

Thank you. Appreciate you being here, Mr. Green.

STATEMENTS OF DANIEL A. GREEN, DEPUTY ASSOCIATE DIRECTOR, CENTER FOR EMPLOYEE AND FAMILY SUPPORT POLICY, OFFICE OF PERSONNEL MANAGEMENT; AND DANIEL P. MATTHEWS, CHIEF INFORMATION OFFICER, U.S. DEPARTMENT OF TRANSPORTATION

STATEMENT OF DANIEL A. GREEN

Mr. GREEN. Mr. Chairman and members of the subcommittee, I am pleased to be here today on behalf of the Office of Personnel Management to talk about the issue of mitigating the impact of high gas prices on Federal employees. President Bush demonstrated his commitment to fuel conservation by directing Federal agencies to conserve natural gas, electricity, gasoline, and diesel fuel to the maximum extent consistent with the effective discharge of public responsibilities. I will focus on the work that OPM has accomplished in helping Federal agencies understand and implement the human capital flexibilities available to them to comply with the President's directive.

On September 2, 2005, in the wake of the destruction caused by Hurricane Katrina and the soaring fuel prices that followed, Director Springer issued a memorandum to heads of executive departments and agencies highlighting these human capital flexibilities. This memo focused primarily on telework for its potential to reduce the need for employees to commute. It urged agencies to continue to increase the use of telework, carpooling, and public transportation by employees and provided further information about telework resources and support, including an announcement that GSA-sponsored telework centers would be free to new Federal users through the end of the year.

In addition, the memo mentioned other options such as vanpooling, shuttle services, public transportation, and transit subsidy programs, as well as using technical solutions such as conference calls, video conferencing, and e-mail exchanges.

Taken together, these measures applied by agencies according to their own missions and work forces could substantially reduce the impact of the fuel costs on employees and reduce overall fuel consumption.

On September 21, 2005, a governmentwide agency telework coordinator meeting focused on telework as a human capital flexibility in broader emergency response situations. A panel comprising representatives of the Federal Emergency Management Agency, the General Services Administration, OPM, and the GSA-sponsored telework centers discussed telecommuting in the context of Continuity of Operations Planning with an audience of over 60 Federal agency telework coordinators.

These activities specifically addressing the high gas prices rest on a foundation of intensive work on the part of OPM to support

the telework program governmentwide. The September 21 event was part of a regular quarterly series of meetings cosponsored by OPM and GSA. These meetings bring agency telework coordinators together to work collaboratively with OPM and GSA to network and share program ideas and concerns, raise unique agency issues, and give OPM and GSA the opportunity to educate agency representatives on new initiatives.

Staff from OPM also provide agencies with individualized guidance and technical support through onsite visits. Through these visits to agencies, OPM consults with them to enhance and further develop their telework program by identifying problem areas, addressing concerns and challenges unique to them, providing policy guidance, and exploring specific and tailored solutions to the agency's issues. It is at these face-to-face encounters with agency representatives that OPM provides individualized technical support, including encouraging the use of telework as a tool to meet agency human capital goals. In 2005 alone, OPM has conducted onsite visits with 13 agencies.

As befits a program that promotes remote work, OPM has a variety of electronic approaches to promoting and supporting telework. These include a Web site, e-learning modules, a listserv used to communicate information, guidance, news, and events regarding telework to subscribers throughout the Federal Government.

Finally, another workplace flexibility, alternative work schedule programs such as flexible work schedules and compressed work schedules, has the potential to assist employees in reducing fuel consumption because employees are able to fulfill their bi-weekly work requirements in fewer than 10 days, which results in fewer days employees must commute to and from work. OPM provides AWS guidance to agencies through our Web site and direct consultation.

That concludes my remarks. I would be pleased to respond to any questions the subcommittee may have.

[The prepared statement of Mr. Green follows:]

STATEMENT OF DANIEL A. GREEN
DEPUTY ASSOCIATE DIRECTOR
CENTER FOR EMPLOYEE AND FAMILY SUPPORT POLICY
STRATEGIC HUMAN RESOURCES POLICY DIVISION
OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE
AND AGENCY ORGANIZATION
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U.S. HOUSE OF REPRESENTATIVES

on

MITIGATING THE IMPACT OF HIGH GAS PRICES ON
FEDERAL EMPLOYEES AND OTHER WORKERS

NOVEMBER 16, 2005

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today on behalf of the Office of Personnel Management (OPM) to talk about the issue of mitigating the impact of high gas prices on Federal employees. President Bush demonstrated his commitment that all Federal agencies should maximize their conservation of gasoline and diesel fuel by directing agencies to conserve natural gas, electricity, gasoline and diesel fuel to the maximum extent consistent with the effective discharge of public responsibilities. I will focus on the work that OPM has accomplished in helping Federal agencies understand and implement the human capital flexibilities available to them to comply with the President's directive.

On September 2, 2005, in the wake of the destruction caused by Hurricane Katrina and the soaring fuel prices that followed, Director Springer issued a Memorandum to Heads of Executive Departments and Agencies highlighting these human capital flexibilities. This memo focused primarily on telework for its potential to reduce the need for employees to commute. It urged agencies to continue to "increase the use of telework, carpooling, and public transportation by employees" and provided further information about telework resources and support, including an announcement that GSA-sponsored telework centers would be free to new Federal users through the end of the year. In addition, we mentioned other options such as vanpooling, shuttle services, public transportation, and transit subsidy programs, as well as using technical solutions such as conference calls, videoconferencing, and email exchanges. Taken all together, these measures, applied by agencies according to their own missions and workforces, could substantially reduce the impact of the fuel costs on employees, and reduce overall fuel consumption.

Another workplace flexibility - Alternative Work Schedule programs (AWS)—*i.e.* flexible work schedules and compressed work schedules—have the potential to assist employees in reducing fuel consumption because employees are able to fulfill their biweekly work requirements in fewer than 10 workdays, which results in fewer days employees must commute to and from work. OPM provides AWS guidance to agencies through our website and direct consultation.

Several agency telework coordinators reported to us that Director Springer's September 2 memo was a valuable tool in helping them promote telework in their own organizations, as the fuel prices proved an increasing hardship for employees. Since this memo, the GSA-sponsored telework centers report that there have been 53 new users who have worked an average of 2 days per week. Also, during this time, there has been an increase in time spent by current telework center users. Twenty-six users have increased their usage to more than 2 days per week.

On September 21, 2005, a Government-wide agency telework coordinator meeting focused on telework as a human capital flexibility in broader emergency response situations. A panel comprising representatives of the Federal Emergency Management Agency, the General Services Administration (GSA), OPM, and the GSA-sponsored telework centers discussed telecommuting in the context of Continuity of Operations Planning ("COOP") with an audience of over sixty Federal agency telework coordinators. During the event, the September 2 memo was provided to all participants, and the OPM representative on the panel mentioned its message and encouraged agencies to utilize it to leverage telework within their respective agencies.

Our partner in promoting telework, GSA, runs a telework listserv, with OPM support. This listserv is used to communicate information, guidance, news, and events regarding telework to over 1,000 subscribers throughout the Federal Government. The offer of no cost to new users until the end of the year from the GSA-sponsored telework centers mentioned in the September 2 memo was promoted through this listserv, most recently on November 7 with the heading "Feeling Foul about Fuel Prices? Try a Telework Center!"

These activities specifically addressing the high gas prices rest on a foundation of intensive work on the part of OPM to support the telework program Government-wide. The September 21 event was part of a regular quarterly series of meetings co-sponsored by OPM and GSA. These meetings bring agency telework coordinators together to work collaboratively with OPM and GSA, to network and share program ideas and concerns, raise unique agency issues, and give OPM and GSA the opportunity to educate agency representatives on new initiatives.

Staff from OPM also provide agencies with individualized guidance and technical support through on-site visits. Through these visits to agencies, OPM consults with them to enhance and further develop their telework program by identifying problem areas, addressing concerns and challenges unique to them, providing policy guidance, and exploring specific and tailored solutions to the agency's issues. It is at these face-to-face encounters with agency representatives that OPM provides individualized technical

support, including encouraging the use of telework as a tool to meet agency human capital goals. In 2005 alone, OPM has conducted on-site visits with 13 agencies to date.

Finally, as befits a program that promotes remote work, OPM has a variety of electronic approaches to promoting and supporting telework. These include a website, www.telework.gov, co-managed by OPM and GSA; e-learning modules available to Federal employees and managers on www.USALearning.gov; "webinars" for managers, and the aforementioned telework listserv.

That concludes my remarks. I would be pleased to respond to any questions the Subcommittee may have.

Mr. PORTER. Thank you, Mr. Green. We appreciate that.
Mr. Matthews.

STATEMENT OF DANIEL P. MATTHEWS

Mr. MATTHEWS. Mr. Chairman, Mr. Davis, and members of the subcommittee, I am pleased to be here today on behalf of the Department of Transportation to discuss the issue of mitigating the impact of high gas prices on Federal employees. My emphasis will be on the long term and our longstanding practice of avoiding excessive fuel consumption among our employees.

One way we encourage this is by offering all Federal employees a mass transit fringe benefit program where the employee can receive up to $105 a month for taking mass transportation to and from work. This benefit can be used for the Metro, for buses, and vanpools.

My specific focus today is another way in which DOT discourages gasoline use: the practice of telecommuting by our employees. According to government data, some 44 million people go to work by turning on their computers or by picking up their phone.

The need to encourage telecommuting has never been greater. Supplies of gasoline are projected to be tight for some time, hurricanes Katrina and Rita sent the price of gasoline, already high, to well over $3 in many of our communities.

Mitigating the impact of disaster is another reason for telecommuting. When disaster strikes, there is less chance of vital government services being disrupted if the employees are geographically dispersed. Telecommuting can thus help maintain continuity of operations for critical governmental functions.

The 2001 DOT Appropriations Act requires its agencies to establish policies by which employees can telecommute. In establishing the DOT telecommuting policy, Secretary Mineta noted that telecommuting offers a work flexibility and management tool that can assist all of us in better managing our work, personal, and community lives. The goal is to reap the benefits of telecommuting without diminishing workplace efficiency or the work ethic of our employees.

In 2004, the Office of Personnel Management conducted a telework survey of the DOT agencies. The survey tallied the number of personnel in each agency who are eligible to telecommute, and how many actually do telecommute. Of the Department's 57,000 employees, 46 percent are eligible for telecommuting. The agencies with the highest rates of participation are the Federal Transit Administration and the Federal Railroad Administration. Fully 59 percent of the Transit employees are eligible, and of these 55 percent do participate. Federal Railroad employees are eligible to the tune of 57 percent, and they telecommute at 54 percent of that total.

Given its high participation rates, let me expand on the Federal Railroad Administration program. The FRA field force of over 500 employees, geographically located in eight regions, oversees the safety of a huge U.S. network of railroad lines. The nature of railroad safety inspector work demands spending little time in a traditional office setting. This made it logical to generate savings

through the telecommuting effort by closing field offices and reducing space in existing facilities.

FRA's telecommuting policy covers all FRA employees. Participation is based on job content rather than job title, and each office developed its own implementation plan.

Telecommuting has also been used in DOT by employees with medical problems, for review of legal documents, for accounting functions, amongst others.

Various DOT agencies provide users with the necessary equipment. Federal Motor Carriers supplies 802.11 wireless networking for its border control offices. The Office of the CIO offers PC cards for Internet connectivity. NHTSA, FAA, the Pipeline and Hazardous Materials Safety Administration, and Railroads all supply wireless cards on laptops for connecting to the Internet.

But much more work needs to be done to encourage telecommuting. Two particular barriers that have hindered its greater use are expanding the technology base and management adoption of the idea.

Regarding the technology base, we need to address the ability of residential network services to provide sufficiently robust connectivity for home-based teleworkers. While 67 percent of urban and suburban residents have Internet access, much of that is dial-up, which is quite slow for business purposes. Broadband access is a necessary component to expand telework.

Security is another issue. Any telecommuting program must have stringent requirements to protect government assets as networks are opened up to accommodate the home-based workplace.

As for management adoption of telecommuting, we need to demonstrate not only that productivity does not suffer when employees work from home, but that work efficiency and employee morale benefit from such a transformation.

In summary, DOT has an effective telecommuting program in place. It has increased the adoption of telecommuting while enabling eligible employees to perform their work effectively. Moreover, we expect adoption of telecommuting by employees and managers to grow further as broadband capabilities are extended. With this additional connectivity, more employees will spend what used to be their drive time as telework time.

This concludes my remarks. I would be pleased to respond to any questions the subcommittee may have. Thank you.

[The prepared statement of Mr. Matthews follows:]

STATEMENT OF DANIEL P. MATTHEWS
CHIEF INFORMATION OFFICER
U.S. DEPARTMENT OF TRANSPORTATION

before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE
AND AGENCY ORGANIZATION
COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES

on

MITIGATING THE IMPACT OF HIGH GAS PRICES ON
FEDERAL EMPLOYEES AND OTHER WORKERS

NOVEMBER 16, 2005

Mr. Chairman and Members of the Subcommittee, I am pleased to be here today on behalf of the Department of Transportation (DOT) to discuss the issue of mitigating the impact of high gas prices on Federal employees.

My emphasis will be on the long-term, and our long-standing practice of avoiding fuel consumption among our employees.

One way we encourage this is by offering all Federal employees a mass transit fringe benefit program, where the employee can receive up to $105 a month for taking mass transportation to and from work. This benefit can be

used for Metro, buses, and van pools. Within DOT we also publicize shuttle services and other alternative means of mass transit.

My focus today is another way in which DOT discourages gasoline use -- by encouraging the practice of telecommuting by our employees.

According to Government data, some 44 million people go to work by turning on their computers, or by picking up the phone.

And the need to encourage telecommuting has never been greater. Supplies of gasoline are projected to be tight for some time. As the Subcommittee well knows, Hurricanes Katrina and Rita sent the price of gasoline, already high, to well over three dollars in many communities.

Mitigating the impact of disasters is another reason for telecommuting. When disaster strikes, there is less chance of vital government services being disrupted if the employees are geographically dispersed. Telecommuting can thus help maintain continuity of operations for critical governmental functions.

The benefits of telecommuting are many, including reduced gasoline consumption and a related downward pressure on gasoline prices. Employees working from home save on gas, on tolls, and on automobile maintenance. Telecommuting also supports DOT's number-one priority – safety – because reducing congestion makes traffic management easier and safer.

The 2001 DOT Appropriations Act requires its agencies to establish policies by which employees can telecommute "to the greatest extent possible without diminished employee performance." In establishing the DOT Telecommuting Policy, Secretary Mineta noted that telecommuting offers "a work flexibility and management tool that can assist all of us in better managing our work, personal, and community lives." The goal is to reap the benefits of telecommuting without diminishing workplace efficiency or the work ethic of employees.

In 2004, the Office of Personnel Management conducted a Telework Survey of DOT agencies. The survey tallied the number of personnel in each agency who are eligible to telecommute, and how many actually do telecommute. Of the Department's 57,000 employees, 46 percent are eligible for

telecommuting. The agencies with the highest rates of participation are the Federal Transit Administration (FTA) and the Federal Railroad Administration (FRA). Fully 59 percent of FTA employees are eligible, and of these 55 percent do participate. 57 percent of FRA employees are eligible, and 54 percent of these telecommute.

Given its high participation rates, let me expand on the FRA program. The FRA field force of over 500 employees, geographically located in eight regions, oversees the safety of a huge U.S. network of railroad lines. The nature of Railroad Safety Inspector work demands spending little time in a traditional office setting. This made it logical to generate savings through the telecommuting effort by closing some field offices and reducing space in existing facilities.

FRA's telecommuting policy covers all FRA employees. Participation is based on job content rather than job title, and each office developed its own implementation plan. Telecommuting has also been used:

- By employees with medical problems
- For review of legal documents

- For accounting functions.

DOT actively encourages telecommuting. Various DOT agencies provide users with the necessary equipment. The Federal Motor Carriers Safety Administration (FMCSA) supplies 802.11 wireless networking for its border control offices in Texas, California, and Arizona. The Office of the Chief Information Officer (OCIO) offers PC cards for Internet connectivity on DOT's virtual private network. The National Highway Traffic Safety Administration (NHTSA), the FAA, the Pipeline and Hazardous Materials Safety Administration (PHMSA), and the FRA all supply wireless cards on laptops for connecting to the Internet.

Much more work needs to be done to encourage telecommuting. Two particular barriers that have hindered its greater use are expanding the technology base, and management adoption of the idea.

Regarding the technology base, we need to address the ability of residential network services to provide sufficiently robust connectivity for home-based teleworkers. This matter relates to the "digital divide" separating computer "haves" from "have-nots". While 67 percent of urban and suburban residents

have Internet access, much of that is in dial-up access, which is quite slow for business purposes. Broadband access is a necessary component to expand telework.

Security is another issue. Any telecommuting program must have strong requirements to protect Government systems and data as networks are "opened up" to accommodate the home-based workplace.

As for management adoption of telecommuting, we need to demonstrate not only that productivity does not suffer when employees work from home, but that work efficiency and employee morale benefit from such a transformation.

In summary, DOT has an effective telecommuting program in place. It has increased the adoption of telecommuting while enabling eligible employees to perform their work effectively. Moreover, we expect adoption of telecommuting by employees and managers to grow further as broadband capabilities are extended. With this additional connectivity, more employees will spend what used to be their drive time as telework time.

That concludes my remarks. I would be pleased to respond to any questions the Subcommittee may have.

Mr. PORTER. Thank you, Mr. Matthews. We appreciate you being here.

My first question, Mr. Matthews, is actually for you. We had testimony earlier regarding the transit—make sure I get the right term—but the $105 amount for commuting costs. Is that an adequate amount? Should we be doing something else to help with that?

Mr. MATTHEWS. The $105 transit benefit that is given to employees, or made available to employees, is a significant amount of money for the transportation. A thought that occurs to me is that providing high-speed connectivity to people for telecommuting may be something that the committee would want to consider, and either amending the amount or including a provision that would allow expenditure of those moneys to provide connectivity to homes.

Mr. PORTER. Mr. Moran had talked earlier about a fee—I am not sure if this was the one he was referring to. Were you here earlier for his testimony?

Mr. MATTHEWS. Yes, sir, I was.

Mr. PORTER. And he had suggested that we look at—I can't remember the term. As far as the free parking as compared to telecommuting and telework? Can you tell me a little bit about that, in your perspective?

Mr. MATTHEWS. As I recall, Mr. Moran mentioned the—allowing employees free parking somewhere with a $200 a month value, as opposed to only providing $105 in transit benefit——

Mr. PORTER. If I may interrupt you, was he suggesting that is almost encouraging more automobile travel? Or not?

Mr. MATTHEWS. Well, I think that is certainly a thought that is behind his comment. I also inferred from that he may be alluding to the fact that why would we not have transit benefit equal to the free parking.

Mr. PORTER. And your feelings about that?

Mr. MATTHEWS. I do believe that additional moneys made available for telecommuting, whether it is through the Federal transit benefit program or some other method, would be useful in helping people connect their home at a high-speed level. Today's computers using heavy graphics at the presentation layer in essence require high-speed connectivity. Usually that cost, at around $40 to $50 a month, depending on the provider, is sometimes seen as prohibitive when people can have dial-up for the regular connection fee to their telephone.

Mr. PORTER. This is really a question for both of you gentlemen. That has to do with, you know, the availability of the equipment infrastructure for their home. Is there anything available now to help—I know it was touched upon, but anything to help ensure off-site telework centers are available via their home? Is there something else—some things that we can be doing with their own facilities?

Mr. MATTHEWS. At the Department of Transportation the last several years, we have been refreshing technology and moving away from desk-side computers to laptops. That will allow employees to disconnect the device and to take it home so that they can perform their functions from home using laptop. Not just from

home, I might add, but from anywhere where they can get connectivity.

Mr. PORTER. Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. OPM, both as an individual agency and as a promoter of telework throughout the government, does encourage and counsels agencies and employees to make use of all available resources. I know one of the things that we use at OPM is to use computers, as they turn over and a new computer is bought, onto a disk to have that backup computer, which is usually just as good as the replacement computer. We provide that to an employee to take home and fit it with the correct software and the security software that is important to protect data from corruption or from bugs and viruses.

Mr. PORTER. You know, I think I still have a 286 at home.

Mr. GREEN. I do, in the basement.

Mr. PORTER. Dial-up doesn't make a whole lot of difference with the equipment.

Are there any privacy challenges or—I guess, two questions. The privacy question regarding the hard drives and what is in the equipment in one, and if there are concerns with that. But No. 2, is it easy for an employee to be able to get ahold of one of the older computers if they so choose?

Mr. GREEN. Of course that depends upon the agency's situation. An overhauled computer is always available when an agency is going through a cycle of updating their equipment, and then you do have quite a few of those. Sometimes not so much. But computers last a long time. They really do. And employees and agencies can use quite a bit of initiative to make telework work when they are encouraged and want to do so.

Mr. PORTER. I am going to take this a step further. It really isn't related to telework. But there must be thousands of these computers around that have been replaced. Do we have a system, to your knowledge, either one of you gentlemen, in the Federal Government to maybe provide some of these computers to schools and to younger folks also that maybe would not normally have access to computers? Is there something in place with the Federal Government?

Mr. MATTHEWS. The disposition of used or outdated equipment does allow the Federal agency to donate them to schools. The Department of Transportation has for several years been involved in supplying them to schools that have a need for outfitting of computer gear. Indeed, I think tomorrow I have another meeting for that specific subject for a school, I believe in Pennsylvania.

Mr. PORTER. And again, this is off the subject, but on the issue of technology, do you actually have a system in place that provides for this or is it just whenever there's enough computers around you find a school that would like to use them? Or do you actually have a system?

Mr. MATTHEWS. There is a process inside the Department. Needs are identified and then we do what we can to accommodate them based on the amount of inventory for surplus computers that is available. You do have to go through the process. Again, there is privacy, so you have to wipe disks clean, you have to make sure

the memory is clean, and then provide them outside the government.

Mr. PORTER. Mr. Green.

Mr. GREEN. Mr. Chairman, it is my understanding that GSA has a surplus property program for donating computers to schools and similar organizations. But I defer to them on the specifics of that program.

Mr. PORTER. That is OK. I just thought maybe off the top of your head. I appreciate that.

Mr. Davis, any questions?

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Mr. Green, we have had witnesses testify that the Federal Government seemed to be lagging behind the private sector in the D.C. area. As a matter of fact, there are some figures that suggest that 15 percent of the private-sector employees telecommute and 12 percent Federal Government. Would you say that the Federal Government has a functioning telecommuting program in place?

Mr. GREEN. Congressman, yes, I believe so. We collect statistics each year on telework usage and availability in Federal agencies, and every year the numbers are going up. Are they where they optimally could be? No. But they are going in the right direction, and OPM has many programs. We are working very hard to assist Federal agencies to raise their telework numbers to the optimum advantage of both the agency and the employee.

Mr. DAVIS OF ILLINOIS. So you are saying that OPM does play a role in promoting the concept with other agencies?

Mr. GREEN. A very significant role, with our partners, GSA. Yes, sir.

Mr. DAVIS OF ILLINOIS. Would that be training, workshops, or management or——

Mr. GREEN. All of those things. Yes, sir, we provide a training, Web site-based training, we have a staff that goes and visits with each agency—we visited 15 agencies in the past year—and discussed their specific needs and requirements, and work with them to find solutions to those needs. We have training for managers as well as for employees. We have "webinars." We have a complete Web site that has links to all sorts of information on telework, and we collect statistics, an annual report on telework usage by agencies. And one final thing, by law there is required to be a telework coordinator at each agency, and we meet with those telework coordinators four times a year. The last one, as I mentioned, was on continuity of operations, and we had—I can't remember exactly the number, but about 80 or so agencies represented there.

Mr. DAVIS OF ILLINOIS. Do we have data on the percentage of Federal personnel that is eligible to be engaged in——

Mr. GREEN. Yes, sir, we have numbers of eligible employees that are eligible for telework as set by agency rules, and we collect information on the number of eligibles that do telework, yes, sir.

Mr. DAVIS OF ILLINOIS. Could you tell me what those show?

Mr. GREEN. Yes, sir, I have that. But if I may, I would like to be able to provide you a complete set of information for the record.

Mr. DAVIS OF ILLINOIS. OK. We would appreciate that.

Mr. GREEN. Thank you.

Mr. DAVIS OF ILLINOIS. Mr. Matthews, could I ask, the mass transit benefit program, is this considered the same way any other fringe benefit would be considered for an employee? That is, if your salary is $37,000 and you get $105 for the mass transit benefit, would that mean that your salary is—or your compensation is actually $38,000? Is that the way it works?

Mr. MATTHEWS. Mr. Davis, I will get you the definitive answer. I believe it is not included in your salary calculations for the tax purposes. But I will get you the definitive answer. I don't think somebody considers it part of their salary when they get it, when they apply for it and receive it.

Mr. DAVIS OF ILLINOIS. And the purpose, really, is not to promote telecommuting, I wouldn't imagine, but to reduce congestion, to do something else—I am saying to get some of the automobiles off the highways, to get rid of some of the pollution.

Mr. MATTHEWS. I agree with you, sir. It is intended to alleviate congestion, also get pollutants down. That is what its original intention was. Telecommuting, however, helps those that have to come in to the office. Here on the Hill, you can't miss a session, you can't telecommute to the session, certainly. And it would probably be nice if some of the rest of us stayed home and worked so that it would be a faster trip in to the Capitol, sir.

Mr. DAVIS OF ILLINOIS. Probably they would prefer Members of Congress stayed home permanently. [Laughter.]

Especially during the holiday season.

Do we have data—I mean, does everybody use this? How many people are actually using it? Are there some people saying, well, you know, I don't want to ride the train, I will just continue to use my traditional method of getting to and from work?

Mr. MATTHEWS. I can get you the numbers how many employees of the Department of Transportation use the Federal transit benefit. It is a sizable percent of the population. After having arrived downtown to work, I get off to get one of the SmartCards on the Metro and rarely do I take my car out of the garage anymore. I do use the card. I have never applied for transit benefit. I pay for the trips myself. But a lot of employees do use it, and its intention is to get cars off of the road, sir. And I will get you the information for the record.

Mr. DAVIS OF ILLINOIS. Well, thank you very much, Mr. Chairman. I think it is a great approach. As a matter of fact, I use the train sometimes just to come in and back and forth to the airport. I mean, especially during rush hours, I find that I can get from the airport to my office faster using the Metro than I can taking a taxi or waiting for somebody to pick me up. I think it makes an awful lot of sense, and I would just like to know how many people actually are using it because I would like to encourage more to do so.

Mr. MATTHEWS. Yes, sir.

Mr. DAVIS OF ILLINOIS. I have no further questions, Mr. Chairman.

Mr. PORTER. Thank you, Mr. Davis. And thank you, gentlemen, for being here today. Appreciate your testimony. And for all of those witnesses, please note that your full statements will be entered into the record, with no objection.

Mr. GREEN. Thank you.

Mr. PORTER. Thank you.

Mr. MATTHEWS. Thank you.

Mr. PORTER. Now I invite up the third panel. Please note that you will all be recognized for 5 minutes, and any fuller statements you may wish will be entered into the record.

First, we will be hearing from Tom Calcagni, the managing director for public relations of the American Automobile Association [AAA]. After Mr. Calcagni, we will hear from Mr. William Mularie, chief executive officer of the Telework Consortium. Then we will be pleased to hear from Mr. Steve O'Keeffe, executive director of the Telework Exchange. Last but definitely not least, a good friend mine from Las Vegas, Mr. Steve Hill, president/owner of Silver State Materials.

So we will begin with Mr. Calcagni. Welcome. We appreciate you being here today. You have approximately 5 minutes.

STATEMENTS OF THOMAS F. CALCAGNI, MANAGING DIRECTOR FOR PUBLIC RELATIONS, AMERICAN AUTOMOBILE ASSOCIATION; WILLIAM MULARIE, CHIEF EXECUTIVE OFFICER, TELEWORK CONSORTIUM; STEVE O'KEEFFE, EXECUTIVE DIRECTOR, TELEWORK EXCHANGE; AND STEVEN D. HILL, PRESIDENT, SILVER STATE MATERIALS

STATEMENT OF THOMAS CALCAGNI

Mr. CALCAGNI. Thank you, Mr. Chairman. AAA appreciates your invitation to appear today before this subcommittee.

Mr. Chairman, the rapid rise in gasoline prices this year, as noted by members of this subcommittee, has had an impact on all of us, from those commuting to work to families planning vacations, from businesses dependent upon vehicle fleets to truckers moving goods across our Nation. Part of the focus of today's hearing is to understand whether the Federal Government is doing enough to promote programs to encourage employees to use alternative methods of working or getting to work, such as public transit and telecommuting. AAA commends the subcommittee for exploring this important issue.

AAA strongly supports the use of public transportation. Many of our AAA clubs throughout the country encourage members to use public transit as a way to conserve fuel and to save money. In AAA's Washington, DC office, for example, almost half of our employees use public transportation to get to and from work. But the fact remains that most people continue to commute to work using a personal vehicle. According to the Daily Travel Quick Facts from the Bureau of Transportation Statistics, 9 out of 10 of us use a personal vehicle to get to and from work. And yet, despite this reliance on personal vehicles for transportation to our jobs, only 15 percent of the total daily driving trips in the United States involve commuting to work.

There is growing evidence that Americans are beginning to realize they can exercise greater control over the impact high gas prices are having on their lives. A recent survey conducted by AAA of northern California examined drivers' attitudes about reliance on gasoline and explored possible solutions. What the survey found was quite revealing. While 8 out of 10 respondents believed the oil

companies, auto manufacturers and the Federal Government have not done enough to help consumers reduce their reliance on gasoline, respondents also agree they personally could do more to reduce the amount of gasoline they use. Not surprisingly, however, commuters say they feel most constrained when it comes to changing the amount they drive, while those using a vehicle for personal or family reasons say they have more flexibility in reducing their daily driving trips.

As a result of these findings, AAA of northern California recently launched what it calls a Green Light Initiative intended to help motorists make sense of all the new options available in alternative fuels and in vehicles and to encourage the development of wise transportation choices.

Other AAA clubs across the Nation also are taking steps to work on this situation. For example, AAA southern New England is represented on the Rhode Island Transportation Advisory Council and has long supported efforts to promote mass transit in that State. And AAA Mid-Atlantic operates and sponsors two commuting-employee vanpools in conjunction with the Transportation Management Association of Delaware.

More broadly, AAA clubs across the country make available to members and the public the AAA Gas Watchers Guide, which I understand you may have a copy of. Now, this encourages people to reduce gasoline consumption by using public transportation when feasible, driving more fuel-efficient vehicles, maintaining their vehicles, and changing their driving behaviors.

Besides the information contained in the Gas Watchers Guide, AAA also maintains three Web sites devoted to fuel information, and many AAA clubs link to these sites from aaa.com. And I believe there is more information on these sites in my written testimony.

Mr. Chairman, AAA believes that while more flexible options for commuting are desirable, the choices we all make about how we drive and what we drive, how we maintain our vehicles, how we plan our driving chores—every trip, every time—ultimately will have the most impact on reducing gasoline consumption.

Moreover, as AAA has stated previously in testimony to Congress, this Nation needs a thoughtful energy policy that not only addresses supply issues, but also encourages actions and policies that help to encourage conservation. We need to explore impediments to gasoline supplies, such as reducing the number of so-called boutique fuel blends, but we need to do so without compromising our clean-air goals. And we need to support the development and use of more fuel-efficient vehicles and alternative fuels to help ensure future supplies of energy for the health, safety, and prosperity of the American people.

Again, Mr. Chairman and Mr. Davis, AAA appreciates this opportunity to share our views on this important issue with the subcommittee, and I would be happy to answer any questions.

Thank you.

[The prepared statement of Mr. Calcagni follows:]

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TESTIMONY OF AAA
BEFORE THE
HOUSE SUBCOMMITTEE ON THE FEDERAL WORKFORCE
AND AGENCY ORGANIZATION

"MITIGATING THE IMPACT OF HIGH GAS PRICES
ON THE AMERICAN WORKFORCE"

TOM CALCAGNI
MANAGING DIRECTOR, AAA PUBLIC AFFAIRS

NOVEMBER 16, 2005

Good afternoon, Mr. Chairman. My name is Thomas F. Calcagni, and I am the Managing Director of Public Affairs at the American Automobile Association. AAA appreciates your invitation to appear before the Subcommittee on the Federal Workforce and Agency Organization to examine how gas prices have affected American workers.

The rapid rise in gasoline prices this year has had an impact on everyone, from people commuting to work to families planning vacations; from businesses dependent upon vehicle fleets to truckers moving goods across the nation.

Part of the focus of today's hearing is to understand whether the Federal government is doing enough to promote programs that could encourage workers to use alternative methods of commuting other than personal vehicles and other means of working, such as telecommuting. AAA commends the Subcommittee for exploring these potential means of creating less dependency on gasoline for commuting.

AAA strongly supports public transportation, and many of our AAA clubs nationwide encourage more use of public transit among the many tips for our members to conserve fuel. In AAA's Washington, D.C. office, almost half of our employees use public transportation to get to and from work.

However, the fact remains that most people commute to work using a personal vehicle. According to the "Daily Travel Quick Facts" from the Bureau of Transportation Statistics, 91 percent of people commuting to work use personal vehicles. (The data are based upon the National Household Travel Survey, 2001-2002 – the most recent information available.)

The BTS data also portray a scenario of daily travel that may help to provide some clues as to how individual Americans can take more control over their gasoline consumption:

- Americans take 1.1 billion trips a day – four for every person in the U.S.
- U.S. daily travel averages 11 billion miles a day – almost 40 miles per person per day
- 45 percent of daily trips are taken for shopping and errands
- 27 percent of daily trips are social and recreational, such as visiting a friend
- 15 percent of daily trips are taken for commuting
- More daily trips are taken between noon and 1 p.m. (7.4 percent) than between 8 a.m. – 9 a.m. (5.5%)

The startling fact is that only 15 percent of daily trips are for commuting. Much of the other travel is what could be considered discretionary -- travel that consumers could approach in a more gasoline-efficient manner.

There is evidence that Americans are beginning to realize that they can exercise more control over the impact high gas prices have on their daily lives. A recent scientifically valid survey conducted by AAA of Northern California examined drivers' attitudes about reliance on gasoline and explored possible solutions. Some findings:

- 83 percent of AAA of Northern California members said it is important for American drivers to reduce their reliance on gasoline and right now they don't think anyone out there is doing enough to help make this happen.
- Although those surveyed blamed oil companies and the federal government for not doing enough to reduce gasoline dependence, as well as car companies for being too slow to develop and sell hybrids, 81 percent of members agreed they could be doing more.
- A large majority believed U.S. energy policy and the development of alternative fuels is lagging and 68 percent believe not enough has been done to raise mileage requirements for all types of passenger vehicles.
- Commuters feel the most constrained – they would like to drive less, but feel they can't.
- People driving for personal or family-related reasons have a little more flexibility, with 25 percent saying they have already cut back on driving. Most are reducing their driving by consolidating trips (73 percent) and driving their most fuel efficient vehicle (65 percent). Thirty-nine percent say they are walking more, and about one in three people are choosing to carpool, take public transit, bike or telecommute.

AAA of Northern California believes the survey demonstrates a real craving for information on how to rely less on gasoline. The club has just launched the "Greenlight Initiative" ™ which is intended to help motorists make sense of all the new options available in alternative fuels and vehicles and encourage the development of transportation choices.

Other AAA clubs across the nation are taking steps to encourage conservation. For example, AAA East Tennessee is encouraging its road service suppliers to use lighter vehicles when responding to calls. They provide suppliers analyses of road service calls that demonstrate that most calls can be run more efficiently with light trucks. That club also includes the following sentence in each of its weekly Fuel Gauge Reports to the media: "Drivers should make sure their cars are in good shape, take public transit where possible, and combine trips to reduce gasoline use."

AAA Southern New England is represented on the Rhode Island Transportation Advisory Council and has long supported the Rhode Island Public Transit Authority efforts to promote mass transit in Rhode Island as part of a balanced transportation system for the state. The club recently ran a feature story on behalf of RIPTA in its publication for members, *AAA Horizons*, promoting mass transit and carpooling as ways to manage record-high gasoline prices.

AAA Mid-Atlantic operates and sponsors two commuting employee van pools in conjunction with the Transportation Management Association of Delaware. TMA Delaware is a non-profit organization that administers a statewide ride match service. In addition to the van pools, AAA MidAtlantic also offers employees a pre-tax commute benefit.

AAA clubs also encourage their members to explore ways to reduce gasoline consumption, including using public transportation when feasible, driving more fuel efficient cars, maintaining their cars, and changing their driving behavior.

Tips on how to lessen gasoline consumption in all these areas can be found in the *AAA Gas Watcher's Guide*, which is available to AAA members and the public in brochure format or on the AAA Exchange (aaa.com/publicaffairs) in its "On the Road" section. The information contained in the *Gas Watcher's Guide*, while common sense, really can make a difference in conserving fuel and reducing the economic strain from high gas prices.

Besides the information in the *Gas Watcher's Guide*, AAA also maintains three Web sites devoted to fuel information and many AAA clubs link to these sites from www.aaa.com:

- Perhaps the best known site, AAA's Daily Fuel Gauge Report has been in operation since 2000. The site is designed to help the media and local AAA clubs track the rising or falling cost of fuel at the national, state and local level each day for use in news reports. It averages prices paid at more than 80,000 gas stations across the nation and posts national, state and local averages for each of the major grades of gasoline. Over time the AAA Fuel Gauge Report site also has become well-known to consumers. In August 2005, when fuel prices began moving toward $3 per gallon, hits to this site increased 231 percent over the previous month.
- Launched in 2004, the AAA Fuel Cost Calculator helps users understand and budget for the amount of fuel they are likely to use on a long-distance trip. After entering destination and origination points, as well as information about the vehicle being driven, the AAA Fuel Cost Calculator uses prices collected for the AAA Daily Fuel Gauge Report to calculate the cost of fuel for the trip, the miles that will be driven and the amount of fuel that will be needed. Visits to this site typically average about 20,000 per day. However, in one day just prior to the busy Labor Day holiday weekend earlier this year, the site recorded more than 196,000 visits. The site not only helps users project the approximate cost of fuel as a component in a driving

vacation budget, it also helps calculate the savings potential in driving a more fuel-efficient vehicle or in driving shorter distances. It is also useful for those who drive long distances for business and anyone who needs to budget for fuel costs.

- In 2005, individual AAA clubs launched the AAA Fuel Price Finder on www.aaa.com. This tool allows users to find stations that have been selling the least expensive gasoline in a three-, five-, or ten-mile radius of any location in the U.S. While not available on all club Web sites, the tool is accessible to about 53 percent of AAA's 48 million members. In August, this site recorded more than 1.1 million visits.

Mr. Chairman, as I noted earlier, exploring ways to change commuting behavior to conserve gasoline is important, and AAA commends the Subcommittee for its interest in this area. We also believe that while more flexible options for commuting are possible, changing driving behaviors and decisions relating to all transportation trips have a great potential to reduce reliance on gasoline. Choices in how we drive and what we drive, maintaining our vehicles, planning our driving chores every trip, every time – all of these things can reduce gasoline consumption.

Moreover, as AAA has stated previously in testimony to Congress, this nation needs a thoughtful energy policy that not only addresses supply issues but also encourages actions and policies that help to encourage conservation. We need to explore impediments to gasoline supply, such as reducing the number of specialty fuel blends without compromising clean air goals, and the need for more fuel efficient vehicles and alternative fuels. We need to explore the reasons for gasoline supply problems and develop better plans to meet fuel supply interruptions.

Again, Mr. Chairman, AAA appreciates this opportunity to share our views on this important issue with the Subcommittee.

Mr. PORTER. Thank you, Mr. Calcagni. We appreciate your testimony.

Also, for those that are here for the first time, please note that Members will be coming and going and many have other meetings. But all of your statements will be included in the record for our future deliberations.

Again, thank you very much.

Mr. Mularie, welcome.

STATEMENT OF WILLIAM MULARIE

Mr. MULARIE. I also thank you, Chairman Porter and members of the subcommittee, for this opportunity to testify on this very important issue.

I represent the Telework Consortium. We are a nonprofit Virginia corporation, government-funded through a grant from the Department of Commerce. Our grant is to promote the practice of telework, principally through pilot demonstrations using advance telecommunications technology.

Now, some of the observations I will give to you up front. I think we all agree that the costs associated with commuting by car for Federal and other workers, in this area in particular, are at very critical levels. What we are talking, really, about are families in crises. But I suggest that the high fuel cost is one of the many cost factors that should cause us to question the relevance of the commuter model—as Congressman Wolf said, leaving home in the morning, strapping yourself in a metal box, and going to a place, and then repeating that at night.

What we in the Telework Consortium believe is this fundamental commuter model has to change and change in the direction of a distributed entity, whether it be a government agency or corporations. The model that we are currently following, the commuter model, is really rooted in the industrial age and is increasingly costly—as this committee has brought out, not only in dollars but also, as Congressman Wolf said, in terms of family structure and increasing our vulnerability with respect to continuity of operations.

As an old physicist, I like to do sort of calculations to see what we are doing in terms of cost and the affordability of what we are talking about here. So if you will bear with me, I just want to run briefly through some costs.

A commuter who drives a mid-size car and commutes, let's say, 20 miles each way a day, assuming a 20-mile-per-gallon average in this automobile, and let's assume that he or she drives 75,000 miles over 5 years, using the AAA numbers, actually, for depreciation, insurance, and such, with gas at $1.25 a gallon, this commuter pays about $6,400 a year to commute for the purpose of going to and from work. With gas at $3 a gallon, it is about $7,300 a year. And with free gas, if you gave them free gas, it would be about $5,500 a year.

The conclusions are the relative fixed costs of depreciation, insurance, license, maintenance, as well as gasoline, are really hurting us greatly. But gasoline happens to be the one that is most visible. That display on the gas pump, we can't really get away from that and it really demands immediate satisfaction. And if one could imagine a total cost pump, where when we fill up with gas we

would also collect the amortized cost of the other cost components, then your mid-week fill-up would be probably like $180 a fill-up.

But what I want to do in terms of a simple calculation is look at the affordability of this commuting action. If you have a GS–12 in government who makes about $65,000 a year, 23 percent Federal tax rate, 9 percent State, takes home about $750 to $800 a week, at $1.25 a gallon, this Federal worker takes over 2 months of his net pay to pay for the commuting, just the action of commuting—2 months pay to go to and from work. And at $3 a gallon, it takes about 2½ months.

So our conclusion, anyway, is the crux of the problem is that commuting by car to and from a workplace is the problem, that there is nothing one can do to mediate that. So obviously the Telework Consortium is focused on telework as a solution set for this.

Now, there was some discussion in terms of what is happening in the commercial market versus the government. What we have done in the Telework Consortium in our funding of several pilots is work both with government—local government, Federal Government—and small companies in a different vision of the workplace in that the work is done by people in different physical locations using PC-based multimedia software connected over the public Internet.

And I just want to show you one work product. This magazine was made by a publisher in Loudoun County, where their people did not see each other. This was done completely over the Internet with multimedia software in terms of the creation, editing, and publishing.

So this is serious stuff. This means that you can in fact run a company without commuting to a place. And we are working very closely with our Loudoun County government. Their Budget Department, for example, they have people spread over 100 miles and they are using these multimedia telecommunications assets to do work differently.

So those are my comments. I would be happy to answer any questions. Thank you.

Mr. MICA [presiding]. Thank you. And I a guess we will defer till we have heard from all the panelists.

The next panelist is Steve O'Keeffe. And Mr. Steve O'Keeffe is executive director of Telework Exchange. Welcome, sir, and you are recognized.

STATEMENT OF STEVE O'KEEFFE

Mr. O'KEEFFE. Good afternoon. Mr. Chairman, Mr. Ranking Member, and members of the subcommittee, thank you for the opportunity to testify today. My name is Steve O'Keeffe and I am the executive director of the Telework Exchange.

The Telework Exchange is a public-private partnership focused on increasing awareness and adoption of telework in the Federal Government. The organization concentrates on demonstrating the tangible value of Federal telework initiatives, serving the emerging education and communications requirements of the Federal community, as well as measuring Federal agencies' progress against telework requirements.

Federal employees that register on the Telework Exchange Web site are provided a series of free services, including the ability to calculate their personal commuting costs and telework savings. Today the Telework Exchange has more than 3,500 Federal employee members. We utilize the non-personal registration information from the Telework Exchange members to construct our data models. Federal commuting costs and telework benefit calculators appear on our Web page at www.teleworkexchange.com, and we poll our members as a sample for our studies. In addition, the Telework Exchange publishes a monthly magazine, the Teleworker, which focuses on the issues of Federal telework.

We are here today to demonstrate the effect of high gas prices on the Federal work force. The gasoline price hikes of September 2005 drove a real income salary reduction of $526.25 for the average Federal employee. The increases drove a 42.6 percent increase in America's commuting costs. Importantly, we are here to underscore the fact that agencies need to accelerate their initiatives to build out robust telework programs to reduce the unnecessary commuting cost burden on Federal employees. Progress in this area has been too slow. Progress in this area will return significant dividends to the Federal Government as it struggles with recruiting and retention challenges.

As Representative Davis noted in his opening remarks, the government faces issues on two fronts: retaining experienced knowledge workers and recruiting generation Y professionals to replace retiring personnel. These challenges are compounded by the complex logistics driven by the DOD transformation as manifest in the Base Realignment and Closure [BRAC] roadmap. Looking specifically at the Washington, DC area, BRAC promises to heap new misery on the Nation's Capitol area's already congested roadways.

While I am here today to speak specifically about the impact of increasing gasoline prices on Federal employees, I would like to point to other profound benefits of telework for the Federal Government. Telework has critical implications for the Federal Government's continuity of operations preparedness. Recent natural catastrophes and pressing concerns about man-made and pandemic threats mean that mainstream America is now very focused on understanding how our government is prepared to address disaster situations. As referenced in the April 28th Committee on Government Reform, House of Representatives oversight hearing, "Who's Watching the COOP," telework is a central plank in agencies' Continuity of Operations Planning.

As noted earlier, we are here today to discuss the implications of telework for the average Federal employee who routinely travels the 63 miles round trip to and from work each and every day. Telework presents employees with a convenient, productive alternative to commuting.

Based on the Department of Energy statistics, East Coast gasoline prices surged from $2.14 per gallon in April to $3.05 in September. The increased urgency to reduce the burden of high gasoline prices on the work force has pushed telework to the forefront as an imperative operating model for the Federal Government as well as the American labor force at large. These realities drove the Telework Exchange to generate a recent study entitled, "Fuel

Smart Economy: It's No Gas." The study is based on responses from Telework Exchange Federal employee members who travel the average 63 miles a day to and from work and drive vehicles that consume approximately 1 gallon of gasoline per 27½ miles traveled.

Based on the study results, the total Federal Government work force spent $13.3 million on gasoline to commute each day in April. Driven by increased gas prices, this daily total surged to $19 million in September. This represents an increase of $526.25 in gasoline costs per annum for the average Federal employee commuting on the roadways. Please keep in mind, this is a representation of gasoline costs alone. This does not factor wear and tear on car, tolls and parking, maintenance, insurance, or any factors that are built into the Telework Exchange calculators as they contribute to total cost of commuting.

To illustrate the impact of rising gasoline prices on Federal employee income, let me give you an example. A Federal employee at Grade 8, Step 4 pay level makes $37,263 per annum. In April 2005, that employee traveled the average 63-mile round trip, bought gasoline at $2.14 a gallon, and spent $1,235 per annum on gasoline alone, representing 4.73 percent of the Federal employee's after-tax income. Based on gasoline price increases in September, with an identical commute that same Grade 8, Step 4 Federal employee spent $1,761.25 per annum on gasoline alone.

Telework offers myriad opportunities for Federal employees, the government, as well as the U.S. work force. Based on numbers from the Telework Exchange, Federal employees commute an average of 63 miles a day to and from work and spend $526.25 more due to the increase in gasoline prices that took effect in September.

The Telework Exchange today released a new study, "No Free Ride," focused on telework awareness and total commuting financial as well as opportunity costs in the Federal Government. By teleworking 3 days a week, the average Federal employee would get an average of $6,348 annually back in his or her wallet. Please note, this factor figures the total cost of commuting, not merely gasoline prices. The study reveals that Americans spend more time a year in commuting than on vacation. With average savings of an hour per day, full-time teleworkers can earn an MBA 35 percent faster, read 25 books a year, clean out 83 closets, or train for a marathon with the time saved by not commuting.

I would close by underlining the Federal Government must embrace the benefits of telework and focus efforts on removing an unnecessary financial burden on employees if it is to achieve success in recruiting and retaining the best and brightest, conserving energy and gasoline, as well as realizing robust business continuity preparedness.

I would like to recognize and applaud the General Services Administration for its leadership and initiative in the telework arena. Specifically I would like to recognize Mr. Wendell Joice, Stan Kaczmarczyk, Billy Michael, and the Office of Governmentwide Policy for its proactivity and pragmatism in this area.

While the cost of our government's failure to act is significant to the Federal work force, the broader costs associated with insufficient Continuity of Operations Planning are more profound. The

time is now to make telework a mainstream operating practice for the Federal Government.

Thank you again for the opportunity to testify. I will be happy to answer any questions.

[The prepared statement of Mr. O'Keeffe follows:]

Subcommittee on the Federal Workforce and Agency Organization
Mitigating the Impact of High Gas Prices on the American Workforce
November 16, 2005 at 2:00 p.m.
2156 Rayburn House Office Building

Mr. Chairman, Mr. Ranking Member, and members of the Subcommittee, thank you for the opportunity to testify today. My name is Steve O'Keeffe and I am the executive director of the Telework Exchange. The Telework Exchange is a public-private partnership focused on increasing awareness and adoption of telework in the Federal government. The organization concentrates on demonstrating the tangible value of Federal telework initiatives, serving the emerging education and communications requirements of the Federal teleworker community, as well as measuring Federal agencies' progress against telework requirements. Federal employees that register on the Telework Exchange Web site are provided a series of free services, including the ability to calculate their personal commuting costs and telework savings.

Today, the Telework Exchange has more than 3,500 Federal employee members. We utilize the non-personal registration information from Telework Exchange members to construct our data models – Federal commuting cost and telework benefit calculators appear on our Web page at www.teleworkexchange.com – and poll our membership as the sample for our studies.

We are here today to demonstrate the effect of high gas prices on the Federal workforce. The gasoline price hikes of September 2005 drove a real-income salary reduction of $526.25 for the average Federal employee. The increases drove a 42.6 percent increase in America's commuting costs. Importantly, we are here to underscore the fact that agencies need to accelerate their initiatives to build out robust telework programs to reduce the unnecessary commuting cost burden on Federal employees. Progress in this area has been too slow. It will return significant dividends to the Federal government as it struggles with recruiting and retention challenges.

The government faces issues on two fronts – retaining experienced knowledge workers and recruiting generation Y professionals to replace retiring personnel. These challenges are compounded by the complex logistics driven by the Department of Defense (DoD) transformation as manifest in the Base Realignment and Closure (BRAC) roadmap. Looking specifically at the Washington, D.C. area, BRAC promises to heap new misery on the nation's capitol area's already congested roadways.

While I am here today to talk specifically about the impact of increasing gasoline prices on Federal employees, I would like to point to other profound benefits of telework for the Federal government. Telework has critical implications for the Federal government's Continuity of Operations preparedness. Recent natural catastrophes and pressing concerns about man-made and pandemic threats mean that mainstream America is now very focused on improving government's disaster preparedness capabilities. As referenced in the April 28th Committee on Government Reform, House of Representatives oversight hearing, "Who's Watching the COOP," telework is a central plank in agencies' Continuity of Operations planning.

As noted earlier, we are here today to discuss the implications of telework for the average Federal employee, who routinely travels the 63 miles round trip to and from work each and every day. Telework presents employees with a convenient, productive alternative to commuting.

It's No Gas Study

Based on Department of Energy statistics, East Coast gasoline prices surged from an average of $2.14 per gallon in April 2005 to $3.05 per gallon in September. The increased urgency to reduce the burden of high gasoline prices on the workforce has pushed telework to the forefront as an imperative operating model for the Federal government as well as the American labor force at large. These realities drove the Telework Exchange to generate a recent study titled, "Fuel Smart Economy: It's No Gas." The study is based on responses from Telework Exchange Federal employee members who travel an average of 63 miles a day to and from work and drive a vehicle that consumes one gallon of gasoline per 27.5 miles.

Based on study results, the total Federal government workforce spent $13.3 million on gasoline to commute each day in April. Driven by increased gas prices, this daily total surged to almost $19 million in September. This represents an increase of $526.25 in gasoline costs per annum for the average Federal employee commuting on the roadways. Please keep in mind; this is a representation of gasoline costs alone. This does not factor wear and tear on a car, tolls/parking, maintenance, insurance, or depreciation – all factors that are built into the Telework Exchange calculators, as they contribute to the total cost of commuting.

To illustrate the impact of rising gasoline prices on Federal employees' income, let me give you an example. A Federal employee at the Grade 8, Step 4 pay level makes $37,236 per annum. In April 2005, that employee traveled the average 63 miles roundtrip a day, bought gasoline at $2.14 per gallon, and spent $1,235 per annum on gasoline alone – representing 4.73 percent of that Federal employee's after-tax income. Based on gasoline price increases in September, with the identical commute, that same Grade 8, Step 4 Federal employee spends $1,761.25 per annum on gasoline alone. This represents a $526.25 after-tax real income reduction. To extrapolate to the total U.S. white-collar workforce, Americans spent $250 million on commuting each business day in April. With the September gasoline price hikes, the commuting costs for all white-collar America jumped by over 42.6 percent to $355.8 million.

Now let's consider President George W. Bush's recent call to action to reduce fuel consumption and conserve energy. Over the course of one week, Federal employees consume 31.1 million gallons of gasoline to commute five days a week. By teleworking just two days per week, Federal employees can collectively conserve 12.4 million gallons of gasoline per week. To extrapolate to the total U.S. white-collar workforce, over the course of one week time, the U.S. white-collar workforce consumes 583.3 million gallons of gasoline. If the entire U.S. white-collar workforce teleworks just two days per week, America would conserve 233.3 million gallons of gasoline each week.

No Free Ride Study

The Telework Exchange today released a new study "No Free Ride," focused on telework awareness and total commuting financial as well as opportunity costs in the Federal government. Based on responses from Telework Exchange members, Federal employees spend an average of 233 hours of their lives commuting per annum. By teleworking three days a week, this average Federal employee would get 98 hours of his or her life back, and an average of $6,348 annually back into his or her wallet. Please note that this figure factors the total cost of commuting, not merely gasoline expenses.

As noted earlier, in addition to the negative impact of high gasoline prices on Federal employees, Federal agencies are keenly focused on recruitment and retention issues. Work/life balance advantages of telework are important to Federal employees – and telework options provide government agencies significant advantages in their efforts to recruit and retain the best and the brightest. As a significant portion of the Federal workforce is retiring, telework offers the opportunity to retain workers who are willing to work part-time or full-time from a remote location. In addition, "Generation Y" now makes up 21 percent of the U.S. workforce. These younger generation employees are demanding teleworking and/or flexible work hours as a part of their benefit packages.

To return to the DoD Base Realignment and Closure Act, a study commissioned by Transwestern Commercial Services notes that BRAC 2005 will cause an increase of 84,900 daily car trips to the Washington, D.C. area highways by 2015. As Federal employees are forced to commute to remote areas, their commuting costs will increase along with time spent in traffic. The telework option empowers agencies to retain employees as well as reduce gas consumption and wear and tear on the roadways.

As previously, in September of this year, President Bush urged the nation to "conserve natural gas, electricity, gasoline, and diesel fuel to the maximum extent consistent with the effective discharge of public responsibilities" and asked "agencies to temporarily curtail non-essential travel and other activities that use gasoline or diesel fuel, and encourage employees to carpool, telecommute, and use public transportation to reduce fuel use." Telework provides a compelling path forward without damaging America's productivity. It

is significant to note that the Energy Policy Act of 2005 includes a telecommuting study to research the energy conservation implications of teleworking by the Federal government.

Telework offers myriad opportunities for Federal employees, the government, as well as the U.S. workforce. Based on numbers from the Telework Exchange, Federal employees commute an average of 63 miles a day to and from work and spend $526.25 more due to the increases in gasoline prices that took effect in September. Federal employees waste 233 hours of their lives commuting each year. By teleworking three days a week, this average Federal employee would get 98 hours of his or her life back, and an average of $6,348 a year back into his or her wallet.

I would close by underlining that the Federal government must embrace the benefits of telework and focus efforts on removing the unnecessary financial burden on employees, if it is to achieve success in recruiting and retaining the best and brightest, conserving energy and gasoline, as well as realizing robust business continuity preparedness. While the costs of our government's failure to act is significant to the Federal workforce, the broader costs associated with insufficient continuity of operations planning are more profound. The time is now to make telework a mainstream operating model for the Federal government.

Thank you again for the opportunity to testify today. I'd be happy to answer any questions you may have.

Mr. MICA. I want to thank you for your testimony.

We will hear from our last witness, Mr. Steve Hill, and he is president of Silver State Materials. Welcome. You are recognized for 5 minutes.

STATEMENT OF STEVEN D. HILL

Mr. HILL. Thank you, Mr. Chairman, members of the committee. It is an honor to be here today.

Chairman Porter asked me to come and speak today and provide some link to this conversation to the private sector, so my comments are in a completely different vein than most of the people who have spoken here today. They are also somewhat different in that I come from the construction industry, and most construction industry jobs do not lend themselves well to teleworking. Some do, and I think some strides have been made in those areas.

I am the chairman of government affairs for the Associated Builders and Contractors and the Associated General Contractors, and also the incoming chairman of government affairs for the Las Vegas Chamber of Commerce. So I have some standing to speak for the general business community.

In my written testimony I have outlined some information about the effects on my company. We are in the concrete and sand and gravel business. We run about 110 large trucks, several dozen smaller vehicles, some heavy equipment. We buy approximately 140,000 gallons of fuel a month. Our suppliers, in order to get the materials that we use in concrete to us, use a very similar amount of fuel for that transportation.

So the ultimate fuel price impact on our company is basically doubled. We would have that opportunity to pass that on to our customers, but in reality they can't really pass that on to their customers downstream, so we have chosen not to do that this year. The effect on our company, the difference between the actual fuel price that we will pay and the budgeted fuel price that we went into the year at will be about $2.2 million, or about $11,000 per employee that we have. Which is a pretty significant number.

Also, I would like to point out that our ability to budget fuel costs is abysmal. And I think most businesses have that problem. So my first recommendation would be if there is information that can come from the Federal Government—I realize fuel costs are very difficult to budget, but I am sure the Federal Government does—it may have the ability to help business plan ahead. Certainly one of our biggest problems with fuel costs from a business standpoint is not being able to anticipate what may happen in the future. Now, obviously, when you have natural disasters, that is not a predictable event. But help in thinking about where fuel costs are headed would be helpful.

I certainly will not read the testimony on how this affects our company. The summary, I think, will do. But obviously, we are a very fuel-dependent industry. That will affect different businesses differently. But it certainly has had a big impact on businesses and is a hardship.

For our employees' standpoint, they are in a tough situation. It does hit them hard. It is not an easy industry to telecommute. It is not even an easy industry in order to ride mass transit, because

the construction industry works at various sites. Typically, those sites are not well-served by mass transit. So our employees have a difficult time adapting when these situations arise.

We operate out of seven locations in southern Nevada and we have recently provided our employees an opportunity to move, transfer to different locations in order to be closer to their home. We have also tried to encourage ride-sharing, when that is possible. Our original transportation commission in Clark County has a program that they call Club Ride, that combines several of these functions. And many organizations, including the Chamber of Commerce, are promoting and advertising and providing information on many of the topics that have been spoken about earlier here today.

I believe most of the business community would ask that Congress show restraint in trying to have a direct impact on the cost of fuel. On the other hand, I think—and we have talked about alternatives here today. Making those alternatives available is important and people need those types of alternatives. We have talked about several today. I have some others that I would like to use the rest of my time just to bring onto the record.

Rail capacity in the Southwest, and maybe across the country, is basically used. Our industry trucks substantial amounts of materials across State lines, long distances that are appropriate for rail use, but there is no rail capacity left. Anything that could be done to increase rail capacity would help the highway situation immensely, would really lower the usage of fuel.

Alternative fuels have been mentioned. And obviously, we have made strides. We need to make further strides, especially in infrastructure.

On the heavy equipment side of things, because the effects on engines are not well-known, if we use alternative fuels in our engines we lose the warranty on those engines. So any help that Congress could give in working with those heavy engine equipment manufacturers would certainly speed the process of fuel conversion in heavy equipment.

Workforce housing is an issue in most communities. It has certainly been an issue in our community of Las Vegas. And it is exacerbated in Las Vegas because the Federal Government owns virtually all the land outside of our valley. Bedroom communities are springing up in the nearest possible locations, but they are 50 and 60 miles away. In fact, I saw this morning that PBS is running a special about one of those communities just this evening. That community is 60 miles north of the nearest job. And having communities that only provide a place for people to have an affordable house but don't afford the jobs that go along with that certainly is a problem.

Our community has embraced mixed use and transit-oriented development, but the West has typically been built to the scale of the automobile. It is an evolutionary process. It is a difficult process in those types of communities, and it will be difficult for Las Vegas to go through that. Mixed use ordinances, though, Congressman Moran asked earlier if Las Vegas basically had a predilection for density. It has actually been the opposite in the West. And that is slowly shifting, but that shift needs to be embraced.

Weight restrictions on vehicles may be something that could be looked at. Some increase in the maximum width of vehicles would increase productivity. The heavy equipment certainly is a major contributor to highway use. I don't know what the math is on that. But it may make sense as an alternative to allow heavy trucking companies to haul higher weights and pay for that. It provides more productivity for those organizations as well as better fuel utilization, and it does cut down on congestion.

With that, I will conclude my remarks and be happy to answer any questions. Thank you.

[The prepared statement of Mr. Hill follows:]

Testimony of Steven D. Hill

Before the Congressional

Subcommittee on Federal Workforce and Agency Organization

November 16, 2005

Mr. Chairman, members of the subcommittee, good afternoon. My name is Steve Hill and I am the President of Silver State Materials Corp. Silver State Materials supplies concrete and sand and gravel in the greater Las Vegas area and is the largest privately held concrete supplier in the state.

Additionally, I am the Chairman of Government Affairs for the Associated Builders & Contractors of Las Vegas and the Associated General Contractors of Las Vegas and am the incoming Chairman of Government Affairs for the Las Vegas Chamber of Commerce, the third largest Chamber of Commerce in the country representing nearly 7000 businesses.

Silver State Materials Corp.

Silver State Materials owns and operates over 110 concrete and aggregate hauling trucks, several dozen smaller vehicles and more than a dozen pieces of heavy equipment (mostly front-end loaders and generators) from 7 locations in Southern Nevada. We have 200 employees earning an average wage in excess of $50,000 per year.

Silver State purchases approximately 140,000 gallons of fuel each month – predominantly diesel fuel, although some gasoline is purchased for smaller vehicles. Additionally, our suppliers of cement, fly ash, aggregate and other requirements consume a very similar amount of fuel in order to transport their products to our production facilities. This does no include the "upstream" fuel used by our suppliers during their production processes, nor does it include their suppliers' fuel demands.

The following is a recent history of Silver State's fuel costs:

2004 Budgeted fuel price	$1.50/gallon
2004 Actual fuel price	$1.89/gallon
2005 Budgeted fuel price	$1.75/gallon
January through March fuel price	$1.99/gallon
April through July fuel price	$2.27/gallon
August fuel price	$2.71/gallon
September and October fuel price	$2.94/gallon
Highest fuel price paid – late September	$3.52/gallon
2005 Average actual fuel price	$2.41/gallon

Virtually all of Silver State's suppliers have implemented fuel surcharges to compensate for the additional cost of fuel and are typically implemented when the cost of fuel exceeds $1.75 per gallon. These fuel surcharges operate somewhat differently, but the general premise is that the quoted price for transportation contains a maximum fuel price of $1.75 per gallon and the customer will pay all of the fuel expense over and above that amount.

As our suppliers use approximately the same amount of fuel as Silver State uses in its operations, the effect on our company is a doubling of the impact of rising fuel costs.

Silver State provides price quotations to our customers well in advance of materials actually being purchased – often 9 to 12 months in advance. Our customers rely on those prices to bid work and enter into contracts based on those prices.

Silver State has the option of attempting to pass these sudden cost increases on to our customers. However, we have chosen not to implement a fuel surcharge in 2005. In practice, many of our customers would not be able to pass a fuel surcharge on to their customers. We believe that we make a profit when we help our customers make a profit. We simply do not want to take money from our customers' pockets in order to put in into ours.

Silver State has, however, issued price quotations for all new projects with an anticipated fuel price of $2.65 per gallon.

If the average price for fuel remains at $2.41 per gallon through the end of 2005, the ultimate additional cost to Silver State Materials, as compared to our budget, will be approximately $2,200,000. To put that amount into perspective, that equates to over $11,000 per employee – more than our total cost of providing health care to those same employees.

Obviously, our industry and our company are heavily fuel dependent. However, the rapid escalation of fuel costs, and the spike in fuel prices following Hurricane Katrina, has certainly had a substantial impact on most businesses.

Silver State Employees

Silver State's employees are fortunate to work in the vibrant economic climate of Las Vegas and to work in an industry that provides wages and benefits well above local and national averages.

Rising gasoline prices, however, still provide a hardship for our employees – a hardship not easily compensated for in the short run. Due to the unpredictable nature of concrete delivery scheduling, employee schedules – both at the beginning and ends of shifts - are not consistent, limiting the opportunity for ride-sharing. Furthermore, concrete production facilities are often not near public transportation routes.

In order to help employees with their transportation to and from work, Silver State recently implemented a program to allow employees to transfer to production locations closer to their homes.

Additionally, with employees that will allow their home locations to be published, we are posting this information in order to enable employees who live close to each other to explore the opportunity of ride-sharing.

Several employers in Las Vegas offer a reimbursement for mass transit passes. Our Regional Transportation Commission has a program called Club Ride that encourages and facilitates carpooling and other alternatives. The Chamber of Commerce is providing information on these and other fuel saving methods, including telecommuting and hybrid vehicle options and tax incentives.

Potential Initiatives for Relief and Improvement

A vibrant economy producing high-quality jobs is the best way to combat the many financial issues facing families. A continued focus on economic growth is certainly the best initiative for dealing with rising fuel costs.

While rapidly rising fuel costs are a hardship on businesses and their employees and may bring cries of price "gouging" and calls for immediate relief, I encourage Congress to show restraint when contemplating price controls, price subsidies or punitive action. The unintended consequences of these actions may have a more detrimental effect on the situation than no action at all. Additionally, policy decisions that alter consumer choices as they relate to vehicle selection and home location may serve to drive up fuel demand in the future.

With that being said, there are several specific initiatives that could be considered to help reduce the burden of rising fuel costs for businesses and their employees.

1. **Education**

   As can be seen from Silver State's budgeting examples, many businesses struggle to accurately project the price of fuel. For businesses, the unanticipated cost increases are much more problematic than those cost increases that are anticipated. Predictability of fuel prices is important to businesses, and any assistance the federal government could provide in the area of forecasting would be helpful.

2. **Encourage increased rail capacity**

   Rail usage, at least in the southwest, is at or near maximum capacity. Many supplies in several industries are trucked in from bordering states. Discussions with rail companies regarding bringing those supplies in on rail have been fruitless due to the lack of additional capacity. As the southwest region continues to grow, this problem will only worsen.

3. **Alternative fuels**

   Many strides have been made in developing alternative fuels and vehicles that can accept those fuels. Those efforts should continue to be encouraged, both to relieve our dependence on fossil fuels and as an important economic development tool. Additionally, the infrastructure required to deliver these alternative fuels must be expanded. Federal assistance in this area would accelerate the use of these fuels.

   In the heavy trucking and construction industries, alternative fuels are not as widely accepted due to the largely unknown effects of these fuels on large diesel engines and the subsequent loss of warranty from truck engine manufacturers.

Efforts by the federal government, working in conjunction with engine manufacturers, to allow alternative fuel use in large equipment would help to speed acceptance.

4. Workforce Housing

In many communities across the country, and certainly in Las Vegas, housing prices have risen substantially, making it difficult for employees that work in those communities to live in those communities. Workers often are faced with the decision to move farther away from their jobs in order find attainable housing, increasing their commute. In Southern Nevada this situation is exacerbated by the fact the federal government owns virtually all of the land surrounding the Las Vegas valley. Land prices have increased 200% in the last two years due to the decreasing supply of land and bedroom communities are springing up in the nearest locations available – 50 or more miles from Las Vegas. Providing additional land contiguous to or near, but outside of, the disposal boundary outlined in the Southern Nevada Public Lands Management Act would not only greatly lessen the commute for many Las Vegas employees, it would also provide some equilibrium to land and housing prices inside the disposal boundary.

5. Mixed Use and Transit Oriented Development

Many communities, especially in the west, have been built to the scale of the automobile. As these communities continue to grow, it is important to encourage development that enables people to live near where they work and live near easy access to mass transit opportunities. Clark County recently adopted Mixed Use ordinances and is in the process of structuring a plan to expand its' mass transit system to strategically link people and jobs. These types of initiatives should be embraced and encouraged.

6. Encourage or facilitate loaner fleets

One reason some people choose not to use mass transit is the possibility they may have an unexpected occurrence that requires immediate use of a car. If loaner or inexpensive rental fleets of cars could be provided in centers of major employment, more people may choose mass transit.

7. Revisit weight restrictions

The states and the federal government may want to revisit the laws governing gross vehicle weights for large trucks. These weight restrictions are in place to protect our roads, not for safety reasons. Depending on the cost of the additional damage to our roadways and the future cost of fuel, providing an option to trucking companies of higher fees in exchange for higher payloads may make sense. In addition to increased fuel efficiency, productivity would be increased and traffic congestion would decrease.

8. Industrial pockets

State and local governments should be encouraged to provide strategically placed locations in which industry is encouraged. Construction and other industrial supplies are necessary to every community and will be delivered from some location. Heavy industry is often pushed to the far reaches of communities, lengthening delivery routes. Ensuring those locations are appropriate and efficient will help decrease fuel consumption and congestion.

I would like to thank you for the opportunity to be here this afternoon to discuss this important subject. If you have any questions, I would be pleased to answer them.

Mr. PORTER. Thank you, Mr. Hill. I appreciate your being here, coming a long way from the dry desert to the heavy rains we are having. You probably brought it with you, right?

Mr. HILL. No, but it is a nice change. Thank you.

Mr. PORTER. Thank you.

I am going to pick on you for a moment, Steve. Again, appreciate your being here. You are active in the community and, as you mentioned, from the builders organizations to the Chamber of Commerce. And as we look at—the Federal Government—impacts on the cost of fuel to the expense not only for the individual that is employed by the Federal Government but also the government as a whole, when we look at individual economies that are impacted, not only the Federal Government, economies like Nevada, are dependent upon the automobile. What do you see happening from our tourism base in Nevada in that close to half if not more travel to Nevada via automobile? Has there been a change in the amount of visitors? What is the Chamber seeing in the impact on tourism in Nevada?

Mr. HILL. Well, there have been different projections of what will happen with the price of fuel going up. There was an article in the Las Vegas paper just yesterday—I think it was yesterday—talking about the reluctance of people from California to come to Nevada because of the cost of fuel. That is starting to show up. There have been some reports and projections that tourism from California may drop as much as, I believe, 45 percent, which the gaming industry disputes.

So I am sure it will have an impact. But the cost of fuel, obviously, over the last 6 weeks has also gone down, and that will certainly help.

Mr. PORTER. Understanding that your professional background is in the construction industry but also as an entrepreneur, what would you suggest that Congress do to help additional encouragement for the private sector to possibly doing more telework? And I know not specific to your industry but to business as a whole. Are there some things you would suggest that we look at to expand this more so in the private sector?

Mr. HILL. Well, I think that education is important to start with. I think there are businesses out there that really haven't considered the topic and how to make that work. Someone earlier talked about capacity in order to do that. In many cases, people at home didn't have the capacity to telework until the last 2 or 3 years. The broadband capability just wasn't there. We have talked about the last mile for several years, and until recently that last mile has not been all that fast. If you can work in a confined environment at home, that is great. But if you need the capacity to tap in to a network, any help along those lines, I think, would be great.

And off the top of my head, those are the two things.

Mr. PORTER. Thank you. Thank you very much.

Mr. Davis.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Gentlemen, your testimony is quite sobering. As a matter of fact, it is frightening to some degree. I mean, to think, Mr. Mularie, I mean, to think a person who actually may earn $65,000 a year could be paying or spending 2 months of their take-home pay just

to get to and from work. And then I guess, when you add all of the taxes in that one has to pay to participate, you know, as a citizen, it does become frightening, in a sense.

And so this business of finding a solution to the transportation cost, especially where it is driven by the price of gasoline, what do each one of you, any one of you, think that we really need to do? I mean, telecommuting obviously is one approach. I mean, that is one thing, to the extent that we can really get that off the ground and find the numbers of employees who can actually make use of it. But then, obviously, as in your industry, a majority of the people who work in that industry obviously will not be able to do it.

So what do you suggest that we really do?

Mr. MULARIE. If I could answer first, Congressman Davis. You heard two of our speakers, Mr. Matthews and Mr. Hill, mention broadband, access to broadband. The world is not going to change for us in terms of our current conundrum on commuting until we have access to broadband ubiquitously in this country. That is No. 1.

And I was sort of smiling at Congressman Wolf's answer when you asked the very same question in terms of some of the barriers. And some of the barriers are people my age, sir, in that I remember my father getting up at 4:30 every morning with a lunch pail and a coffee and going to a place was how you worked. And my people in the Telework Consortium have said, Bill, it is OK if we have this meeting when you are at the coffee shop and get on the WiFi and we would have our meetings. So there is a real change in culture in the definition of work.

Mr. CALCAGNI. If I may suggest sort of the opposite side of the high-tech solution. There are things, very simple things, that we can do in this country to reduce our reliance on gasoline. And they are as simple as convincing people to think a little bit about the type of vehicle that they are buying, making sure that their vehicle is operating properly, because a properly tuned vehicle will run much, much more efficiently, and suggest that people give a little bit more thought to their actual driving behaviors, not just—you know, and I suspect we have all been guilty at one time or another of running to the store and thinking, gee, I really should have gone to the drugstore while I was out getting that loaf of bread and then we will run back out. If we think in terms of that behavior and also if we simply obey speed limits and we simply avoid jackrabbit stops and starts and those types of things, these very low-tech solutions can have a very, very large impact on the amount of gasoline we use.

Mr. DAVIS OF ILLINOIS. You have hit upon a subject that I think needs a great deal of additional exploration. Perhaps not only should there be some more hearings, but maybe we are going to have to have some conferences and different approaches and different things to really help the American public understand how much of an issue this really is.

So again, I thank all of our witnesses for coming, and I certainly want to commend and thank you for calling this hearing.

Mr. PORTER. Thank you, Mr. Davis. Appreciate that. And if there is—Mr. O'Keeffe, were you going to say something on the last, or Mr. Hill? Any comments?

Thank you very much. It is frightening, and I appreciate your comments, Mr. Davis. I think that we have become very spoiled and we take a lot of things for granted. And I think that the recent challenges that we have had from Katrina and other natural disasters, the war on terrorism, the impact of having the bulk of our exploration—which I believe is a different definition than my friend and colleague is talking about—from oil, and being dependent upon foreign oil, all these things tie into an economy and a country that we have taken a lot of things for granted. And I speak as a Member of Congress from the Western United States. Mr. Hill alluded to it, that we certainly are spoiled in the West, because we actually judge distance not by miles but by time. When you can drive, you know, 500 miles up the State of Nevada from southern Nevada to northern Nevada, or from California to Las Vegas, or from Las Vegas to Phoenix, we like to be able to drive our vehicle. And we are not accustomed to even some of the challenges that we have here in the East as far as getting around and, actually, from parking. We have free parking in Nevada, and we pride ourselves on that. And we don't have to pay in advance for parking in Nevada because we encourage visitors.

But it is going to take a whole mindset. We in the West have not embraced the degree of public transit as we do here in the East because we have always had lots of space, lots of land. So it is a cultural change.

I look forward to additional meetings, Mr. Davis, and thank you for being a part of this, and the rest of the committee.

I would like to note that Members have an additional 5 days to provide information without objection, to provide any additional questions. And you may expect to have some followup from other Members that aren't here today.

Again, we thank you all for being here, and I would like to adjourn the meeting.

[Whereupon, at 4:53 p.m., the subcommittee was adjourned.]

[The prepared statement of Hon. Elijah E. Cummings follows:]

Opening Statement

Representative Elijah E. Cummings, D-Maryland

Subcommittee on Federal Workforce and Agency Organization Hearing: "Justice Delayed is Justice Denied: A Case for a Federal Employees Appeal Court."

Committee on Government Reform
U.S. House of Representatives
109th Congress

November 9, 2005

Mr. Chairman,

Thank you for holding this critically important hearing to evaluate a restructuring proposal for the federal employee appeals process. For over two decades, five distinct agencies have admirably worked to ensure that federal employees have an appropriate forum to resolve their claims of unfair or unlawful treatment that occurs in the workplace.

As it now stands, agency involvement of the federal employee appeals system includes: the Merit System Protection Board (MSPB), which hears individual appeals regarding agency adverse actions; the Office of Personnel Management (OPM), which is charged with administering the federal personnel system; the Office of Special Counsel (OSC), which investigates and prosecutes specialized cases with an focus on protecting whistleblowers; the Equal Employment Opportunity Commission

(EEOC) enforces the right of equal employment opportunity by hearing cases concerning discrimination; and finally, the Federal Labor Relations Authority (FLRA) adjudicates disagreements between agencies and unions.

Today's hearing presents us with the opportunity to discuss a proposal by the Senior Executive Association (SEA) to streamline the federal employee appeals system with the creation of a Federal Employee Appeals Court. Specifically, the proposal calls for a single forum that would merge the appeals functions currently adjudicated by MSPB, OPM, OSC, EEOC, and FLRA into what could be considered a "super-agency." As the testimony of William Bransford articulates, the purpose of this new entity is to "provide a simple and expeditious mechanism, resulting in protection of the merit system by resolving employee concerns with relative speed, impartiality, and fairness, while preserving all employee appeals rights."

In principle, I am sure we can all agree that we best honor our civil servants by having a federal employee appeals system that provides a just, timely, and thorough resolution of employee grievances. Further, I am sure we can all agree that the current appeals system is not perfect and could benefit from some efforts to improve its effectiveness and efficiency. I am especially

troubled by the lack of timeliness in the resolution of some mixed cases where there is a jurisdictional overlap between EEOC and MSPB and the ability to continuously "bounce" an appeal in such a case for additional review to another adjudicative forum. However, I am not 100% convinced that the SEA proposal for a Federal Employee Appeals Court is the best course of action. At this point, it seems that the five agencies at the center of the federal employee appeals system are able to sufficiently fulfill their unique missions.

The challenges that confront us seem largely concentrated to the extraordinary delays and disarray associated with mixed cases. With that said, wholesale restructuring of the arbitration system seems unwarranted. John Gage of the AFL-CIO wisely stated in his testimony that "in particular, there is no need to create a system which deprives federal employees of their fundamental civil right to challenge discriminatory employment decisions, while permitting private sector and other public sector employees to file cases in federal courts, state courts, and before state administrative agencies as they can do now."

With that said, EEOC's field restructuring plan that is typified by its calls for a reduction of offices and staff seems particularly unwise. No one wins if EEOC is incapable of

enforcing discrimination laws and if it is inadequately staffed to decrease backlogs and delays. Moreover, it seems appropriate that in focusing on the specific challenges before us that we look within the current system to determine how any perceived or actual inefficiencies associated with mixed cases can be best addressed.

I yield back the balance of my time and look forward to the testimony of today's witnesses regarding SEA's proposal.